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Club-wielding supporters of the Shah of Iran stage a mass demonstration in the central city of Isfahan following anti-shah riots there. Dozens of persons were reported injured in clashes between rival factions, which included military-led vigilantes.

Begin to Meet Cabinet on Pact Stalemate; No Hope Seen for an Accord by Deadline

By Paul Hofmann

JERUSALEM, Dec. 14 (NYT) — Prime Minister Menachem Begin today called a special government meeting for tomorrow to discuss the continuing stalemate in the negotiations for a peace treaty between Egypt and Israel.

Mr. Begin announced his decision to consult with the full Israeli Cabinet at the end of inconclusive talks that he and six key ministers held with U.S. Secretary of State Cyrus Vance yesterday and today.

Since the secretary of state was scheduled to return to Washington tomorrow after a trip to Cairo today, any remaining hope that the treaty could be concluded by the target date of Dec. 17 appeared shattered.

In Cairo, Mr. Vance reported to President Anwar Sadat tonight on Israel's initially negative response to the latest Egyptian and U.S. ideas for concluding the final treaty issues.

The Egyptian leader, who appeared in good spirits despite the inability of Mr. Vance to wrap up the agreement on this trip, was asked after the 75-minute meeting if he was still confident an accord would be signed. He said, "Yes, sooner or later, whatever the consequences are."

Mr. Vance who concedes that the Camp David goal of achieving the peace treaty by Sunday will not be met, also refused to treat the Israeli reaction as more than a passing phase in the drawn-out negotiations.

Foreign Minister Moshe Dayan, who has been the chief Israeli negotiator in the peace treaty talks, said, "I think there's a good chance to conclude it and to reach an agreement about it." Neither he nor Mr. Vance would predict when this will happen.

U.S. officials flatly ruled out any Mideast peace treaty by Sunday's deadline, the Associated Press reported from Cairo.

"I can't see anything happening by the 17th," a senior U.S. official said. That date had been set by President Carter as the deadline for completing the treaty. A failure to meet it is likely to raise concern about the prospects for an eventual accord.

[The U.S. official acknowledged a number of new snags in the Egyptian position.]

Desai Asks Jail, Loss of Seat for Indira Gandhi

NEW DELHI, Dec. 14 (Reuters) — Prime Minister Morarji Desai announced today a parliamentary motion to imprison former Prime Minister Indira Gandhi and expel her from the lower house.

The motion calls for Mrs. Gandhi's imprisonment until the session of Parliament ends on Dec. 22. The vote will be on Monday and the motion is expected to pass. Mr. Desai's ruling Janata Party has an overwhelming majority in the house.

The motion arose from a parliamentary committee's report holding her guilty of breach of privilege. She was alleged to have intimidated officials who collected information on her son Sanjay's business activities three years ago.

Mrs. Gandhi returned to Parliament after a by-election victory holding her seat in the constituency of Indira Nagar last month. If Parliament passes the motion, she could lose her seat but still have the right to run in by-elections any time during the present term of Parliament, which ends in 1982.

tion-Israeli negotiations, including Egypt's plans to withhold an exchange of ambassadors with Israel until Palestinian Arabs achieve self-rule in the Gaza Strip.

[One of the key issues before Mr. Begin and his ministers is whether to accept the end of next year as a target date for Palestinian elections in Gaza and on the West Bank of the Jordan River.]

[Reuters reported from Washington that President Carter said tonight he had not given up hope that Egypt and Israel would conclude a peace treaty by Sunday despite problems that have stalemated negotiations. Even if the deadline could not be met, "We will never give up, no matter how difficult the circumstances" in searching for peace in the Middle East, he said.]

While the mood in Israel today was generally bleak, there was

hardly any criticism of Mr. Begin and his aides for having rejected the latest Egyptian proposals, brought here yesterday morning by Mr. Vance.

"There are certain differences of opinion between the Egyptian and the Israeli positions, and we discussed them freely as friends" with Mr. Vance, the prime minister said. He added that in tomorrow's Cabinet meeting, there was

According to the sources, the new personnel are specialists who work in all major departments in the embassy, including the intelligence, political and military sections.

A few of them are security experts who are helping arrange the transfer of all sensitive documents and records from the embassy in central Iran to secret storage areas.



Israeli Prime Minister Menachem Begin, left, says goodbye in Jerusalem to U.S. Secretary of State Cyrus Vance, right. At center is Simcha Dinitz, Israeli ambassador to the United States.

Pattern Seen in Refugees' Escape

Officials Convinced Hanoi Backs Exodus

By William Chapman

KUALA LUMPUR, Malaysia, Dec. 14 (WP) — There is mounting evidence that the government of Vietnam has officially sanctioned the recent exodus of thousands of refugees who have landed in Malaysia, according to Western diplomatic officials and Malaysian authorities.

The manner in which the most recent refugees left Vietnam follows a pattern that must be officially approved at high levels, the sources contend. "I am positive that the government is in on it," said an official who has interviewed thousands of refugees who landed here recently after crossing the South China Sea.

They base this judgment on the large fees paid to middlemen who arrange escapes and the easy manner in which large numbers of fleeing Vietnamese are passed through control points and provincial border crossings.

"The government is forcing out this undesirable minority," an official said. "They are escaping right under the eyes of the border police." It could not happen in such a regular way without the government approving of such large movements, he said.

Vietnam Denial

The Vietnam government has repeatedly insisted that it is not encouraging the exodus, which has swollen in the last two months. It has claimed that it tries to prevent the exodus but is unable to patrol all of the country's long coastline.

The Vietnamese charge d'affaires

in Malaysia, Iran De Luc, said recently that his government is attempting to stop the flow. He told the Malaysian news agency that authorities had recently taken steps along the coastline to reduce the number of escapes.

The number arriving here has dwindled in the last week but Malaysian authorities attribute this to rough seas in the monsoon season, not to deliberate action by Vietnam's government.

In October and November thousands of the refugees landed on Malaysia's east coast and more than 45,000 are still in coastal island camps awaiting resettlement.

They are being interviewed by Malaysian authorities and immigration officials of several Western countries.

[Rhodesia said today that despite sanctions it has secured U.S.-designed Bell helicopters to use against black guerrilla forces. United Press International reported from Salisbury.]

A military spokesman, commenting on the report that up to 11 U.S. Huey helicopters are in Rhodesia, said: "The U.S. Bell 205 helicopter is now in service with the Rhodesian Air Force." He would not say how they were obtained.

U.S. officials said yesterday that an investigation has been begun by the State and Commerce departments to determine how the helicopters reached Rhodesia, which has been under international

Inside the World of U.S. Nuclear Arms Development

(Here is the first part of a two-part series on the U.S. nuclear arsenal.)

By Walter Pincus

WASHINGTON, Dec. 14 (WP) — Set back from Route 60 by a green field of winter wheat in the flat Texas panhandle country, 23 miles northeast of Amarillo, is the aging 10,000-acre World War II Pantex ordnance plant.

It looks like the beef processing and packing plant on the same highway except for one detail — Pantex areas are surrounded by double chain-link fences and modern guard towers.

Pantex clearly packs a different kind of product. In the middle of nowhere, it is the final assembly point for all U.S. nuclear weapons.

During the next several months, specially constructed, unmarked armored trucks, guarded by one or more armed escort vehicles, will arrive at Pantex in increasing numbers from various parts of the country. Their cargo: nuclear and other special parts for the begin-

ning of the most ambitious U.S. nuclear-weapons-building program in 20 years.

The program comes at a time when the United States and the Soviet Union are engaged in the final negotiations on a Strategic Arms Limitation Treaty, which is a major goal of the leaders in both countries.

New Weapons

Over the next five years, the nation's nuclear stockpile is to receive new multiple-bomb warheads for Minuteman-3 land- and sea-based intercontinental missiles; a new Cruise missile; a new Lance warhead; new strategic and tactical bombs; and a whole family of atomic artillery shells.

The new weapons are more powerful and effective and, according to scientists who worked on them, safer from accidental explosion than those they will replace.

Shah Said to Be Weighing Figurehead-Monarch Post

U.S. Bolstering Of Embassy Said To Aid Regime

By Nicholas Gage

TEHRAN, Dec. 14 (NYT) — The staff of the U.S. Embassy here has been bolstered by dozens of specialists flown in to back an effort to help the shah against a growing challenge to his rule, according to embassy sources.

The ostensible purpose of the influx of personnel is to help the regular staff of the embassy deal with the increased workload caused by the crisis. But clearly it is also to strengthen U.S. support for the shah and his forces in this critical period of religious fervor and growing opposition to the monarchy led by Shiite Muslim leaders opposed to his Westernization programs.

When asked about the new arrivals, an embassy spokesman referred all questions to the State Department in Washington. Until recently the nonmilitary regular staff of the U.S. mission totaled 184 persons, with 289 dependents. At least half of the dependents have been evacuated and more are planning to leave in the next few days.

The new arrivals reportedly include a number of specialists on Iran from the CIA, in addition to diplomats and military personnel. Some of them have served tours in Iran. While they undoubtedly have been sent to aid the regular staff at this period of crisis, it is also known that President Carter has been disappointed with the failure of the mission here, particularly the CIA failure to anticipate the strength and extent of the upheaval.

According to the sources, the new personnel are specialists who work in all major departments in the embassy, including the intelligence, political and military sections.

A few of them are security experts who are helping arrange the transfer of all sensitive documents and records from the embassy in central Iran to secret storage areas.



Ali Amini

This is being done to avoid problems faced by the British Embassy and several Iranian government agencies in recent months. During the riots in the capital on Nov. 4, demonstrators set fire to part of the British Chancery, and some records were destroyed. In attacks on government offices, demonstrators obtained sensitive papers, which they then used for propaganda purposes.

The biggest group among the new specialists comprises military and internal-security experts. "They're crew-cut types who report to the embassy's defense section," an embassy source said.

They reportedly include specialists on crowd control who are advising Iranian military commanders on how to handle large demonstrations. The riot-control tactics of Iranian troops thus far have been limited to firing warning shots in the air and then shooting into the crowds.

[In Washington, administration officials confirmed yesterday that the staff of the U.S. Embassy in Tehran had been bolstered in recent days. But the officials denied (Continued on Page 2, Col. 8)]

Crown Council Would Rule Under 'Last Chance' Plan

TEHRAN, Dec. 14 (UPI) — Prominent Iranian politicians said today that Shah Mohammed Reza Pahlavi was considering a compromise plan that would reduce him to a figurehead and give his vast powers to a crown council.

The politicians called the plan the shah's "last chance" to end the civil strife that in recent months has left hundreds dead and seriously crippled the Iranian economy.

A spokesman for the shah denied the existence of such a plan and said, "The whole thing is an absolute fabrication."

Former Premier Ali Amini, known as the "honest broker" for his role as mediator between the shah and his political opponents, met with the shah this afternoon.

Political sources said Mr. Amini discussed the proposed new governing scheme with the shah.

"We discussed the problems of running the country and the problems facing the country," Mr. Amini said later. "My hope is that the shah can find a solution."

Political sources said the compromise plan would require the shah to turn all his powers over to a crown council — to be composed of eight or nine "respected Iranians" including two military men.

No member of the royal family would serve on the council, they said.

The shah would retain the throne, the sources said, but only in a figurehead capacity to provide continuity until Crown Prince Reza, 18, comes of age in two years.

The crown prince could then ascend the throne "untainted by abuse of power," the sources said, and reign as a constitutional monarch much like Spain's King Juan Carlos.

"The time is short," said a prominent politician. "This plan offers a solution that could be our last chance. It would also be the shah's last chance. He must act soon."

The sources said the shah was

"horrified" when he realized the extent to which his popularity in the country had dropped.

"The shah has been torn between trying to struggle along or abdicating," a source said. "Abdication we think would be a disaster. It would fragment the army. Without the shah as a leader, the army would just fall apart."

Diplomats questioned about the plan called it "ingenious, exactly the kind of compromise Iranians are so adept at making."

"The shah had better take it," said a Western diplomat. "It's the best offer he'll get."

Diplomats said that even if the shah agreed to such a scheme there would be problems with his powerful enemy Ayatollah Ruhollah Khomeini, who has called for nothing less than the abolition of the monarchy.

"Oh, Khomeini will huff and puff about it but he'll accept it in the end," said a politician.

Crackdown on Strikes

TEHRAN, Dec. 14 (Reuters) — The Iranian government tonight announced tough tactics to end street demonstrations and break strikes that have virtually crippled the country's economy.

In broadcast statements, the military-led administration announced that orders had been issued to all provincial governors-general and security forces to stop any demonstrations that would endanger public peace and order.

The government also ordered all ministries and official agencies to fire anyone who did not perform his job — the administration's answer to strikes that have disrupted work in many government departments and industries.

At least 30 persons were reported to have been killed in three days of violence in cities in central Iran.

Guard Mutiny Reported

TEHRAN, Dec. 14 (WP) — Three enlisted men of the Imperial Guards, the crack unit entrusted with the shah's security, shot and killed 12 officers, in the first confirmed case of serious breakdown of military discipline in the long Iranian crisis, it was learned.

Coming after rumors of increasing desertions, shooting incidents and growing tensions within the armed forces, the attack Monday was considered all the more serious since it took place at a major base only a few miles from the shah's palace in north Tehran.

Informal sources who confirmed the incident — in the face of official silence — said that only the guard was involved in the mess-hall attack at the sprawling Lavizan base, which also houses headquarters for the Iranian ground forces and the American school.

Other sources described the dead — as well as 50 wounded in the shooting — as young officers. The fate of the assailants was not immediately known, but observers doubted they had managed to make good an escape from the extremely well guarded compound.

Callaghan Wins Confidence Vote In Parliament

LONDON, Dec. 14 (AP) — Prime Minister James Callaghan's Labor government survived a vote of confidence in the House of Commons tonight.

The vote was 300 to 290. If Mr. Callaghan's Laborites had lost the vote, the prime minister would have been forced to call a general election.

The vote was on the government motion: "That this House expresses its confidence in Her Majesty's government and in its determination to strengthen the national economy, control inflation, reduce unemployment and secure social justice."

It was forced on Mr. Callaghan's minority Labor administration after Margaret Thatcher's opposition Conservatives defeated the government in two votes last night in the Commons censuring Labor's anti-inflation pay policy. The government has ordered economic sanctions against companies that break the administration's directive to limit pay increases this year to 5 percent.

Iraqi Official Visits Cuba

NICOSIA, Dec. 14 (AP) — Iraqi Vice President Saddam Hussein arrived in Havana yesterday after an official visit to the Soviet Union, according to a Baghdad Radio report monitored here.

Algeria	2.75 Dec.	Greenland	22 Dec.	Netherlands	1.75 Dec.
Angola	2.75 Dec.	Iceland	15 Dec.	Nigeria	70 Dec.
Australia	17 Dec.	India	15 Dec.	Poland	3.25 Dec.
Bahrain	0.40 Dec.	Iran	70 Dec.	Portugal	1.50 Dec.
Bangladesh	23 Dec.	Israel	15 Dec.	Romania	1.50 Dec.
Belgium	23 Dec.	Italy	15 Dec.	Saudi Arabia	3.25 Dec.
Bolivia	23 Dec.	Japan	15 Dec.	Spain	1.50 Dec.
Brazil	23 Dec.	Kenya	15 Dec.	Sweden	1.50 Dec.
Bulgaria	23 Dec.	Libya	15 Dec.	Switzerland	1.75 Dec.
Canada	23 Dec.	Madagascar	15 Dec.	Taiwan	1.50 Dec.
Ceylon	23 Dec.	Mali	15 Dec.	Tanzania	1.50 Dec.
China	23 Dec.	Mexico	15 Dec.	Turkey	1.50 Dec.
Cuba	23 Dec.	Morocco	15 Dec.	U.S.A.	1.50 Dec.
Czechoslovakia	23 Dec.	Norway	15 Dec.	Yugoslavia	1.50 Dec.
Denmark	23 Dec.	Pakistan	15 Dec.		
Dominican Republic	23 Dec.	Panama	15 Dec.		
DRC	23 Dec.	Peru	15 Dec.		
Egypt	23 Dec.	Romania	15 Dec.		
Finland	23 Dec.	Saudi Arabia	15 Dec.		
France	23 Dec.	Senegal	15 Dec.		
Germany	23 Dec.	Sierra Leone	15 Dec.		
Ghana	23 Dec.	Singapore	15 Dec.		
Greece	23 Dec.	Slovakia	15 Dec.		
Haiti	23 Dec.	Slovenia	15 Dec.		
Honduras	23 Dec.	Sri Lanka	15 Dec.		
Hungary	23 Dec.	Taiwan	15 Dec.		
Iceland	15 Dec.	Tanzania	15 Dec.		
India	15 Dec.	Togo	15 Dec.		
Indonesia	15 Dec.	Tunisia	15 Dec.		
Iran	70 Dec.	Turkey	15 Dec.		
Iraq	15 Dec.	U.S.A.	15 Dec.		
Israel	15 Dec.	Yugoslavia	15 Dec.		
Italy	15 Dec.				
Japan	15 Dec.				
Jordan	15 Dec.				
Kenya	15 Dec.				
Korea	15 Dec.				
Kuwait	15 Dec.				
Laos	15 Dec.				
Lebanon	15 Dec.				
Libya	15 Dec.				
Lithuania	15 Dec.				
Luxembourg	15 Dec.				
Madagascar	15 Dec.				
Mali	15 Dec.				
Malawi	15 Dec.				
Malaysia	15 Dec.				
Maldives	15 Dec.				
Mali	15 Dec.				
Malta	15 Dec.				
Mauritania	15 Dec.				
Mauritius	15 Dec.				
Mexico	15 Dec.				
Moldavia	15 Dec.				
Mongolia	15 Dec.				
Morocco	15 Dec.				
Mozambique	15 Dec.				
Nicaragua	15 Dec.				
Niger	15 Dec.				
Nigeria	70 Dec.				
Norway	15 Dec.				
Oman	15 Dec.				
Pakistan	15 Dec.				
Panama	15 Dec.				
Papua New Guinea	15 Dec.				
Paraguay	15 Dec.				
Peru	15 Dec.				
Philippines	15 Dec.				
Poland	3.25 Dec.				
Portugal	1.50 Dec.				
Romania	1.50 Dec.				
Russia	1.50 Dec.				
Saudi Arabia	3.25 Dec.				
Senegal	1.50 Dec.				
Sierra Leone	1.50 Dec.				
Singapore	1.50 Dec.				
Slovakia	1.50 Dec.				
Slovenia	1.50 Dec.				
Sri Lanka	1.50 Dec.				
St. Vincent	1.50 Dec.				
Sweden	1.50 Dec.				
Switzerland	1.75 Dec.				
Taiwan	1.50 Dec.				
Tanzania	1.50 Dec.				
Togo	1.50 Dec.				
Tonga	1.50 Dec.				
Tunisia	1.50 Dec.				
Turkey	1.50 Dec.				
U.S.A.	1.50 Dec.				
Uganda	1.50 Dec.				
Ukraine	1.50 Dec.				
Uruguay	1.50 Dec.				
Uzbekistan	1.50 Dec.				
Venezuela	1.50 Dec.				
Vietnam	1.50 Dec.				
Yemen	1.50 Dec.				
Yugoslavia	1.50 Dec.				
Zambia	1.50 Dec.				
Zimbabwe	1.50 Dec.				

Angola Says S. Africa Acts Are Reason for Cuba Troops

By Flora Lewis

LUANDA, Angola, Dec. 14 (NYT) — President Agostinho Neto of Angola told Sen. George McGovern yesterday that Angola would have no further need for Cuban troops if incursions and threats from South Africa were ended.

At a joint news conference, and then in a session with U.S. reporters without Mr. Neto, Sen. McGovern said he had told Mr. Neto that the presence of the Cubans was the main obstacle to formal relations with the United States, which Mr. Neto indicated he was eager to establish.

Sen. McGovern, a South Dakota Democrat completing a three-week tour of southern Africa, was permitted to see three U.S. prisoners in an Angolan jail before his talk with the president. He had asked before coming here for permission to visit the prisoners, and it was arranged yesterday.

Most of the conversation with

Mr. Neto, the senator said, was about U.S.-Angola relations. He quoted Mr. Neto as having said that he could not understand why the United States refused recognition, since Angola had good relations with U.S. allies in Western Europe.

'Problem of South Africa'

At their joint news conference, when Sen. McGovern characterized the U.S. objection to the presence of Cuban troops as the block to relations, Mr. Neto replied, "It's mainly a problem of South Africa." He added that South African troops were concentrated on Angola's border with South-West Africa and had made frequent land and air attacks on his country.

He dismissed as "stoges" of South Africa the forces of Jonas Savimbi, the Angolan insurgent leader of the National Union for the Total Independence of Angola, which is fighting in the area, and he

implied that he did not consider Mr. Savimbi's forces the kind of threat that would require the maintaining of Cuban troops here if South Africa aid were cut off.

He did not say explicitly that he would ask the Cubans to withdraw if South African forces were removed from the border area after South-West Africa becomes independent as Namibia, but later Sen. McGovern indicated that he had received that impression.

Speaking of the internal upheaval in which a number of government ministers had been ousted in the last few days, Mr. Neto said there had been a "danger of the leadership not following our orientation, but of being affected by influence from elsewhere." He refused to be more precise.

There are about 20,000 Cubans in the country, including officials and technicians as well as troops. They are generally credited with

having saved Mr. Neto's regime after an attempted coup last year that was reportedly Soviet-inspired. There are also a number of East Germans involved in the administration and many Russians.

The Angolan president re-emphasized his country's determination to be independent. He said that relations with neighboring Zaire were now normal and that relations have been established with France, which had been supporting a rebel movement in the oil-producing Angolan area of Cabinda.

Mr. Neto avoided a question about whether the French had agreed to end that support in Cabinda, where the U.S.-owned Gulf Oil Co. is cooperating with Angolan officials. Later, Sen. McGovern said the president told him he would welcome other U.S. companies here.

Sen. McGovern said that the United States was trying to win ac-

ceptance of the United Nations plan for elections and independence in South-West Africa, which would end South Africa's military role in the area, "opening the way for withdrawal of Cuban forces and therefore making it much easier for the U.S. to recognize Angola."

'Influence From Elsewhere'

That is evidently a major goal for Mr. Neto now. As a prime supporter of the South-West Africa Peoples Organization, the guerrilla force in the territory, Mr. Neto played an important role in getting the rebels to agree to the UN plan. He has proclaimed himself a Communist, but he now stresses "good relations with all countries," and is clearly interested in Western help for his disaster-stricken economy, as well as to balance the "danger of influence from elsewhere," which he refused to define.

Two of the prisoners whom Sen. McGovern visited yesterday had been captured and sentenced as mercenaries at the same time in 1976 when another American, Daniel Gearhart, was executed. A third prisoner, George Gause, 50, of Tarpon Springs, Fla., who had lived here as a farmer since 1968, was accused of unauthorized possession of arms but was never charged or tried. He told Sen. McGovern that although he had been given no commitments, he thought that he might be released in the near future. The visit from Sen. McGovern was the first that Mr. Gause had been allowed.

The two other prisoners were Gary Acker, 24, a Vietnam veteran from Sacramento, Calif., and Gustavo Grillo, 32, an ex-Marine who is Argentine born, but whose U.S.-naturalized passport now lives in Toms River, N.J. Mr. Acker was sentenced to 15 years and Mr. Grillo to 30 years.

Sen. McGovern saw them one by one, for about 20 minutes each, in the prison's visiting room, and said that all appeared to be in good health. They said they had been kept in a ward with 25 to 30 others, including British, Portuguese and other Europeans, that the food was what might be expected in prison, and that they had been allowed to exercise.

Rhodesia Conference Backed

LONDON, Dec. 14 (AP) — Sen. McGovern arrived in London today after his African tour and said that the only hope for Rhodesia was an all-party election.

He said he did not see how the coming Rhodesian elections could have any credibility without all the parties concerned involved. "We must get all of the parties away from fighting in the field to discussing around the table," he said, "but I saw no evidence that this might happen during my visit."

The political situation in Angola, Sen. McGovern added, was not quite as dangerous as that in Rhodesia. But he cautioned that a settlement in Namibia was essential to Angola's security.

Pattern Seen In Exodus

(Continued from Page 1)

governments who have offered permanent resettlement to some.

Malaysian authorities have not officially accepted Vietnam of abetting the escapes although they have suggested in several interviews that Vietnam appeared not to be interfering with them. When Vietnamese Premier Phan Van Dong visited Malaysia several weeks ago he was asked to do something about the problem but the large-scale escapes continued after his return home, they said.

Those who came in the recent crossings tell stories different from those of refugees who had arrived by last summer as part of the slow migration that began soon after the fall of Saigon, now Ho Chi Minh City, in 1975.

The early refugees came in small groups and told of gathering on Vietnam's coastline by their own devices until picked up at arranged points by fishing boats. Some reported that their friends had been captured in the attempt and others said they were fired on by coastal police.

The most recent arrivals, however, came in groups of several hundred on larger boats. About 2,500 arrived on the freighter Hai Hong in November.

Western diplomats who interviewed them said that a typical escape was arranged in the Chi Minh City by paying a middleman who agreed to get them to Malaysia. A source said the fees ranged from \$600 to \$3,500.

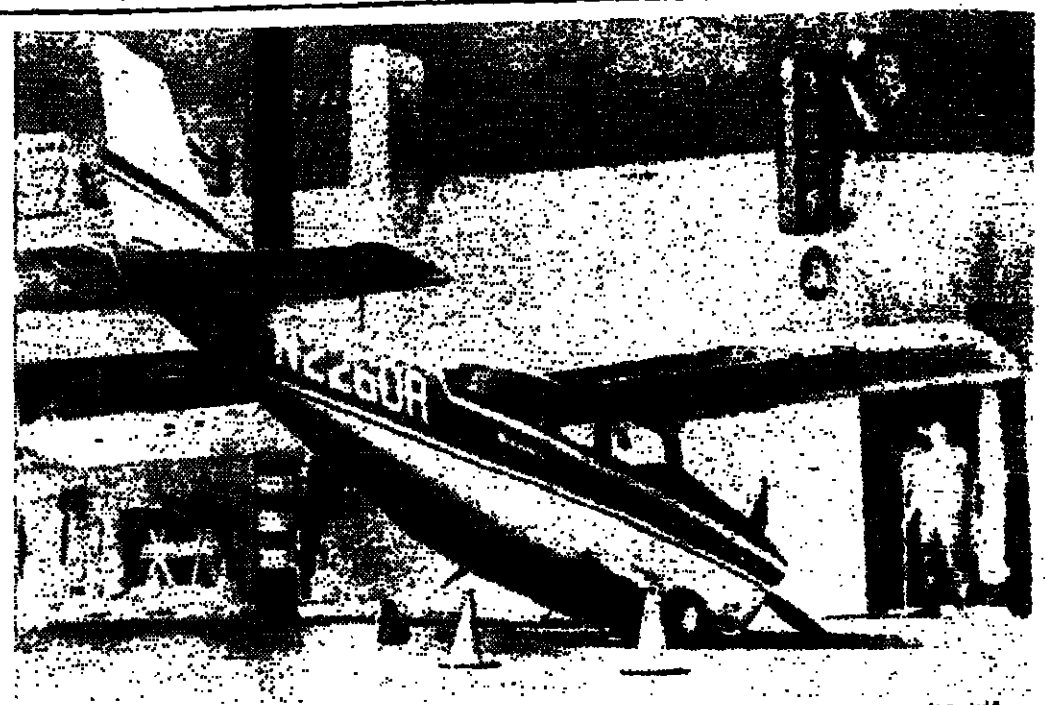
They would gather at an agreed point in the city where they would be picked up in trucks and taken to coastal points.

Along the way, the trucks could pass through police control points where some of the money was handed over. This would happen again at provincial border posts and on the coast, according to the officials.

A Malaysian authority involved in the refugee problem, Education Minister Datuk Musa Hitam, said that the evidence is substantial that Vietnam has encouraged the departures in recent months. He cited reports of syndicates organizing mass escapes. "To get the large boats they have and to get the people out to them the organizing syndicates must know that the government knows," he said yesterday.

Italian-Papuan Ties Set

ROME, Dec. 14 (UPI) — Italy and Papua New Guinea have established diplomatic relations effective today, the Foreign Ministry announced.



RESERVED PARKING — Steven Cady did not have much time to look for a parking space when his plane's engine failed over Lomita, Calif., on Tuesday, so he landed in the street, stopping just short of a tavern. The pilot, his wife and their infant son escaped harm.

News Analysis

Paris and Bonn Seen as EMS Winners

By Joseph Fitchett

PARIS, Dec. 14 (IHT) — Italy's decision to join the European Monetary System is a political victory for France and West Germany, which worked together to set up the plan to stabilize currencies.

EMS supporters said that with Italy in it, the currency system should be the most effective step toward European economic integration since Britain joined the Common Market six years ago. French officials have predicted that more stable exchange rates among Common Market partners could

bolster businessmen's confidence enough to add a percentage point to their national growth rates.

The EMS now will start with at least seven Common Market participants, and the Italian move will increase the pressure on Ireland to join and, eventually on Britain after elections there next year. Norway and other European governments which are not in the EEC also are assessing possible links with the system, due to start on Jan. 1.

System Upgraded

Italian adherence, therefore, has sharply upgraded the importance of the EMS, which was the centerpiece of West German Chancellor Helmut Schmidt's six-month stint as chairman of the Common Market's Council of Ministers. It offers an auspicious start for the next chairman, French President Valéry Giscard d'Estaing.

The negotiations leading to the EMS adoption were the latest example of the way in which Mr. Schmidt and Mr. Giscard d'Estaing have become an effective team in shaping European decisions.

After working together to draft the EMS plan, the two actively lobbied Italian Premier Giulio Andreotti in telephone conversations to overcome his hesitations, urging him to defy the Italian Communists and join the system.

Italy finally accepted the same terms that Mr. Andreotti had earlier refused at the European summit meeting in Brussels, according to French and West German officials.

In Brussels, Italy had sought additional financial aid and a commitment to funnel grant aid for Italian development, originally envisaged through the EEC's Regional Fund.

Instead, Italy apparently has obtained West German assurances of bilateral help to support the lira if Italy's currency comes under attack by speculators, but a West German spokesman denied that financial sums were discussed during Mr. Andreotti's last phone call to Mr. Giscard d'Estaing.

Mr. Giscard d'Estaing said the French would insure that "the special features of Italy's economic situation will be taken into account" in EMS operations.

While Mr. Schmidt is undoubtedly gratified to see the EMS gain wide acceptance at its start and to retrieve at least partially the impression of a political blunder at the Brussels meeting, Mr. Giscard d'Estaing has even stronger motives for satisfaction with the way the EMS is turning out. Politically, Italy's decision to join has vindicated Mr. Giscard d'Estaing's argument that EMS participation is a question of political determination, not of economic bargaining, French officials said.

Weakest Currency

Economically, France's own chances of performing successfully in the EMS have improved because of Italy's membership, French businessmen added. The Italian lira has replaced the French franc as the weakest EMS currency and the most likely target for speculators.

Mr. Giscard d'Estaing also has succeeded in maintaining the French veto against any formal connection between the EMS and the EEC Regional Fund, which has become politically sensitive in France because it is at the center of a controversial attempt by the European Parliament to gain strength at the expense of governments.

The French government wants any expansion of the Regional Fund to be studied in a wider context.

text, including British demands for reforms in EEC agricultural policy and France's own interest in Regional Fund benefits for southwest France to meet Spanish competition if the EEC is enlarged.

With the EMS suddenly taking shape as a step toward European construction and a counterweight to the fluctuating dollar, Mr. Giscard d'Estaing has offset much of the criticism that appeared when it looked as if the EMS was simply a plan to link the franc to the mark. It has strengthened the French leader's position significantly, both in France and in Europe.

Sweden Shuns Link

STOCKHOLM, Dec. 14 (Reuters) — The Bank of Sweden said that after consultation with the government it has decided not to link the krona to the EMS for the time being.

Embassy Bolstered

(Continued from Page 1)

that the new arrivals were military or internal security experts.

They said that the increase was primarily the result of a State Department decision to build up consular and political sections in the embassy. The recent increase in numbers of U.S. citizens seeking to leave Iran, they said, had made extra consular officers necessary. New political officers were assigned to Tehran to meet Washington's demands for more information on the crisis.

[The officials said that none of the new embassy staff members was engaged in offering assistance to the Iranian military in riot control. According to one official, a decision was made last month by the administration not to offer support to the Iranian government in the area.]

Embassy Intervention

The embassy here is known to have encouraged the shah to permit demonstrators to stage marches during religious mourning days Sunday and Monday.

The shah's military government has initially forbidden any processions during the two days of funeral observances, saying that any attempts to hold them would be crushed "mercilessly."

Three days before the march began, the government announced that the processions would be allowed. The change represented more subtle and sophisticated policy than the one the shah had followed. While allowing his opponents to march, which they would have done anyway, he placed it under his control.

According to sources close to the palace, the shah was pleased the tactic avoided a confrontation between his opponents and his troops. But he was so upset that he had initially forbidden any processions during the two days of funeral observances, saying that any attempts to hold them would be crushed "mercilessly."

The hostility toward the shah dramatized by the demonstration on Sunday and Monday has not led to doubts among U.S. diplomats about the wisdom of staying solidly behind the Iranian monarch. "If the shah had only 10 percent chance of surviving, would still have to go with him," diplomat said.

A Correction

PARIS, Dec. 14 (IHT) — In story published Nov. 20 on satellite broadcasting, the International Herald Tribune incorrectly identified Leonard Marks as the chairman of Inetelast, the U.S.-national telecommunications consortium that owns and operates Inetelast's Canadian satellite. Marcel Bernas of Inetelast was chairman of Inetelast's founding conference. In addition, the story should have said that Inetelast would be requested to provide free satellite circuits, rather than that it "would provide" circuits.

Chill Is Seen in Relations Between Egyptians, Saudis

By Thomas W. Lippman

CAIRO, Dec. 14 (WP) — Relations between Egypt and Saudi Arabia have chilled perceptibly since Saudi Arabia participated in an Arab summit conference that condemned the Egyptian-Israeli Camp David peace agreements.

Issues of policy, money and personal pique have created an atmosphere of irritation in both countries.

This divergence between Egypt, the Arab world's biggest country and greatest military power, and Saudi Arabia, which exerts great economic and religious influence on the other Arab states, has wider implications than most of the parochial disputes that frequently set Arab against Arab.

It is at least partly responsible for Egypt's determined approach to the remaining issues in the peace negotiations with Israel, reliable sources here say. The Egyptians believe that Saudi Arabians are partly to blame for the refusal of Jordan and the Palestine Liberation Organization to endorse the negotiating process set up at Camp David.

Outsiders tend to view Egyptian-Saudi relations in apocalyptic terms, often asking whether Saudi Arabia will cut its economic aid to Egypt. But their political mind is more subtle than that. Saudi Arabia was reducing its financial aid to Egypt well before Camp David, just as Egypt was reducing its dependence on Saudi assistance.

Both Resentful

The Saudis did not like the Egyptian assumption that where Cairo led Saudi Arabia would inevitably follow, and the Egyptians are resentful of Saudi refusal to endorse President Anwar Sadat's policies.

Mr. Sadat is reliably reported to be annoyed at Crown Prince Fahd, who he feels went back on his word at the summit conference in Baghdad and caved in to the demands of the Arab hardliners to denounce the Camp David agreements and impose economic and political sanctions on Egypt.

According to authoritative sources, Mr. Sadat recently refused even to receive a conciliatory message from Prince Fahd, leading some of his close advisers to suggest that he cool off. He later said that the Saudi Arabians "allowed themselves to be dragged by the emotionalists and auctioneers in the Arab world," such as Libya and Iraq, and suggested Saudi policy would be different if Prince Fahd's half-brother, King Faisal, were still alive.

Amis Mansour, a journalist who often speaks for Mr. Sadat, questioned whether Saudi Arabia had "turned to the Soviets and become a member of the Warsaw Pact."

That expressed in blunt terms the Egyptian argument — aimed at playing on Saudi anti-communism and fear of radical insurgents — that by refusing to endorse the Camp David accord Saudi Arabia is playing into the hands of the Soviet Union.

The Saudi Arabians have let it be known that they resent this treatment, which they view as unwarranted.

Egyptian officials have sought to minimize the degree of strain between the two countries.

Begin, Cabinet to Discuss Impasse on Treaty Terms

(Continued from Page 1)

net session "decisions will be taken, and then we shall inform our friends," the Americans.

Political sources said the decisions mentioned by Mr. Begin probably would be a formal endorsement by the entire Cabinet of his refusal to accept Egypt's terms on two critical issues. Mr. Sadat reportedly sent word through Mr. Vance that the proposed treaty must be linked with a timetable for the establishment of Palestinian self-government on the West Bank and in the Gaza Strip.

The Egyptian president was said to agree to a U.S. suggestion that elections for self-governing councils be held in December of next year.

Mr. Sadat was also said to have reiterated his demand for a statement that Egypt's commitments toward other Arab countries take precedence over the obligations Egypt would assume toward Israel.

However, Mr. Sadat was understood to agree to such a clause in an annex, rather than in the U.S.-sponsored treaty text that was published and accepted by Israel last month.

Mr. Begin and his chief aides remain inflexible on both issues. The Israeli leaders have contended that they could not commit themselves to a timetable for Palestinian autonomy because they did not know with whom they were to work out the details. They have asserted that the entire peace treaty would be senseless if Egypt's inter-Arab — and clearly anti-Israel — obligations were to override any commitments toward Israel.

Virtually the entire Israeli press today approved Mr. Begin's stand in the talks with Mr. Vance. Newspaper editorials and broadcasts chided the United States for allegedly siding with Mr. Sadat and putting pressure on Israel.

The independent daily Ma'ariv said that "even the most moderate of the 'doves' in and out of the [government] coalition will not be able to agree to such a low re-

tween this country and Saudi Arabia, often describing it as a family quarrel that will soon blow over or as the typical Arab feud that is forgotten as quickly as it arises.

They argue that Egypt and Saudi Arabia have so many common interests that treaty disputes will be overridden. This may underestimate Saudi displeasure at the failure of Mr. Sadat's program to deal with such sensitive issues as the future of Jerusalem.

Egypt believed that Saudi Arabia

would put more money into the \$2 billion Gulf organization for the development of Egypt when the original fund was used up last spring, but the Saudi Arabians did not.

Then there was Saudi Arabia's refusal to meet the deadline for \$5 combat jets that Egypt is buying from the United States. Delivery of the first of the planes was scheduled for last month but has been held up because of the dispute over who will make up the difference between the estimated cost, about \$700 million, and what the Saudi Arabians have agreed to pay, reportedly about half that.

Chilly Response

After the problems with the plane sale came the chilly Saudi response to the Camp David summit and the Baghdad Arab summit, in which the Arabs adopted a resolution that refrained from naming Egypt but condemned unilateral action by any Arab state on the Palestinian question as "impermissible."

Saudi participation in a multibillion dollar fund reportedly set up there to support Syria, Jordan and the PLO was described by a high-ranking Egyptian as "a message to them that peace does not pay."

The Saudi Arabians see the outcome of Baghdad differently. All the participants accepted a resolution that affirmed the support of the Arabs for a just peace, based on complete Israeli withdrawal from territories occupied in the 1967 war.

The Saudi Arabians have said that that formulation implies acceptance of Israel's right to exist and is a close approximation of UN Security Council Resolution 242. By inducing Iraq, Algeria and the other radicals to accept that, they say, the Saudi Arabians actually nudged the other Arabs closer to Mr. Sadat's position.

Taking their cue from Mr. Sadat, Egyptian officials brush aside any suggestion that this country's negotiating stance in the talks with Israel was hardened in response to Baghdad, but in private they acknowledge that this was the case.

"After Baghdad," one said, "Sadat had to show that he was not in too much of a hurry, that he was not a little stooge of the United States who committed the Arabs to less than the best deal available."

Peking Says Hanoi Force Occupies 3 Hills in China

From Wire Dispatches

TOKYO, Dec. 14 — Vietnamese armed personnel occupied three heights yesterday at Liaohang in Kwangsi's southern province of Kwangsi along the China-Vietnam border, "after shelling a Chinese border outpost and seriously wounding a Chinese patrolman," the Chinese news agency reported today.

The report said that early yesterday morning the Vietnamese fired one shell at a Chinese outpost on the border, and the shell landed one meter away from the outpost.

The report continued, "Later more than 40 armed Vietnamese intruded into China and took three heights in Liaohang."

At 3:30 p.m., the Peking dispatch said, "the Vietnamese fired more than 30 rounds from one of the heights at Panchiu village, in Liaohang area, wounding seriously Liang Chien, a member of the Chinese patrol team."

Liaohang is located in the Ningming district in China's Kwangsi-Chuang autonomous region, the dispatch said.

Yesterday the Chinese Foreign Ministry lodged a strong protest with the Vietnamese Embassy in Peking, accusing Vietnam of "encroaching on Chinese territory" and creating "new and grave incidents."

Peking accused the Vietnamese of creating bloody incidents in a series of territorial violations since Nov. 14 in the Peipu Gulf and along the China-Vietnam border.

China's Deputy Premier, Li Hsien-nien, accused Vietnam of serious provocations, and he sternly warned that "China's forbearance has its limit."

A Foreign Ministry note accused the Vietnamese of "new grave incidents of bloodshed" and warned also that "there is a limit to China's forbearance and restraint."

Bonn Assembly Allows A-Plant Construction

BONN, Dec. 14 (AP) — By five votes, West Germany's lower house of parliament today authorized further construction on the fast-breeder nuclear reactor project at Kalkar near the border with the Netherlands. The vote was 230 to 225.

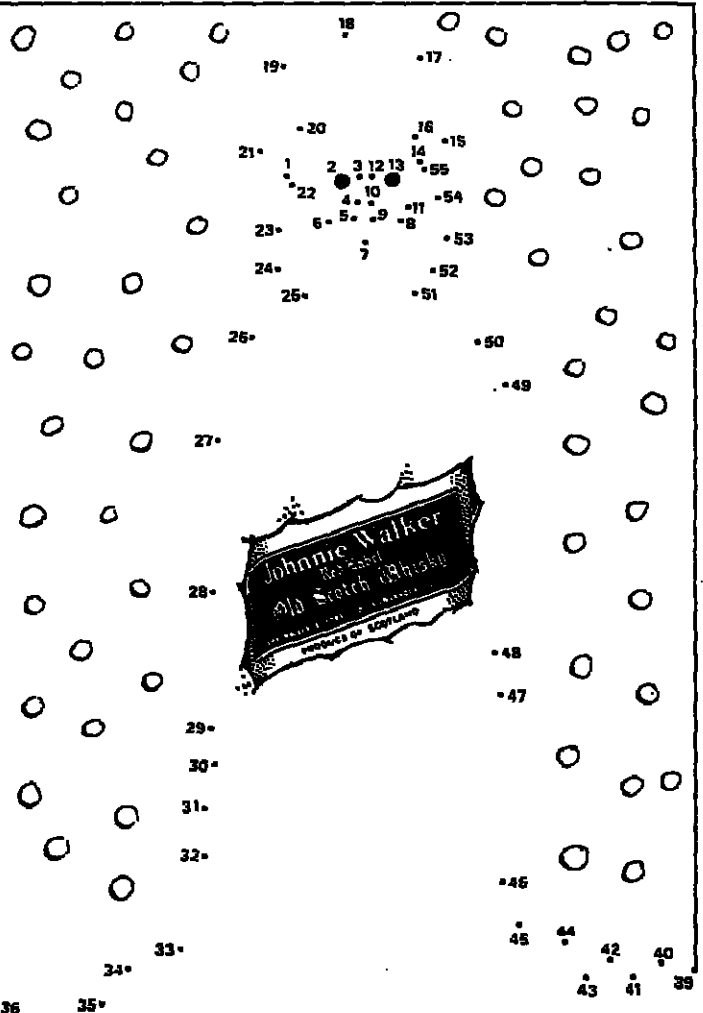
Six members of the Free Democratic Party, junior partners in the governing coalition with the Social Democrats, abstained. They had threatened to vote against the government to emphasize their opposition to nuclear power but relented after intensive pressure from party leaders.

Before that vote, the Bundestag rejected 237 to 225 a motion by the opposition Christian Democratic Union-Christian Social Union alliance to leave the decision on further construction at Kalkar to the North Rhine-Westphalia state assembly.

Project directors do not have approval to begin operations at the fast-breeder reactor. Bundestag delegates will debate that issue next year after a parliamentary commission completes work on a study into risks and alternatives to fast-breeder technology.

Oil-Dispute Jurisdiction

THE HAGUE, Dec. 14 (AP) — The International Court of Justice will decide on Tuesday whether it has jurisdiction in the Aegean Sea oil-rights dispute between Greece and Turkey, the court said today. Turkey has consistently protested that the court is not qualified to rule in the case.



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Even With Strategic Arms Accord

U.S. Arms Chief Urges Strong A-Arsenal

By Richard Burr
WASHINGTON, Dec. 14 (NYT) — George Seignious, 2d, appointed by the Carter administration as director of the Arms Control and Disarmament Agency, said yesterday that, if Washington and Moscow succeeded soon in achieving a new strategic arms accord, the United States would still have to push ahead with modernizing its nuclear arsenal.

At a news conference at the State Department, Gen. Seignious, a retired Army general, appeared to differ on several points of arms policy with his predecessor, Paul Warnke. While noting that he wholeheartedly supported the proposed arms agreement, he said that under the accord Moscow would still be able to make improvements to its nuclear forces which would "doubtlessly propel" the Carter ad-

ministration into some form of military response.

In particular, Gen. Seignious voiced concern over the increasing accuracy of Soviet missiles, which he said might give Moscow the ability to threaten U.S. land-based rockets in a first strike. Noting that more accurate missiles would not be limited by a new accord, he said that Moscow's continued deployment of new missiles could force the United States into seeking an alternative to existing forces, a clear reference to the possibility of moving ahead with a mobile missile.

Sharp Contrast

These comments were a sharp contrast to the views of Mr. Warnke, who as arms control director tended to downgrade the possibility of a Soviet surprise attack. Mr. Warnke, who resigned in October, was a strong critic of continued arms modernization, and in a speech last week, he attacked the tactic of increasing defense spending to win support for a new arms agreement.

However, Gen. Seignious yesterday asserted that the agreement "is going to require additional money to modernize the strategic systems we have." And apparently supporting an increase in the defense budget, Gen. Seignious said that in the gun-or-butter debate, if the United States failed to maintain the military balance "all the better in the world would not guarantee the happiness and sustenance of the American people."

Gen. Seignious, whose appointment has yet to be confirmed by the Senate, is already a controversial figure and his comments are likely to trigger greater debate. A former high-level Pentagon official and a member of the U.S. delegation negotiating an arms accord with Moscow, Gen. Seignious was offered the arms-control job after it was turned down by two other retired generals. Critics have argued that the appointment was primarily designed to allay the concerns of Senate conservatives over a new arms accord and that it is inappropriate to select a career military officer to head an agency dedicated to limiting arms.

Further Criticism

Gen. Seignious' appointment drew further criticism when it was learned last month that before agreeing to serve in the arms-control job, he had been a member of the Coalition for Peace through Strength, a lobby group opposing a new arms treaty.

Asked about his membership in the group, Gen. Seignious said that he had joined without understanding its specific aims and because its advisory board included "outstanding Americans," such as retired Gen. Lyman Lemnitzer and retired Adm. Thomas Moorer. He said that before he was offered the arms control post, he learned that the group opposed a new arms accord and resigned as a member.

Gen. Seignious also defended the idea of picking a military officer for the arms-control agency, saying that his experience with weapons had made him particularly qualified to assess complex negotiating issues. Acknowledging that some employees in the agency might be uncomfortable with his appointment, he said: "I think it is terribly important that all of us come off the oversimplified viewpoint that if a person is for strong defense then he is automatically against arms control."

"I was a soldier for 32 years," he said, "and grew up believing that a strong defense was a necessity of a great country and I still have that view. But I also have the view that there are more ways to gain security for a nation than purely the production and deployment of arms."

Gen. Seignious said that he would be accompanying Secretary of State Cyrus Vance to Geneva next week for talks with Soviet Foreign Minister Andrei Gromyko, in what officials believe could be the final phase of negotiations before an arms accord is completed.



BIG MEN IN THE SENATE — Bill Bradley, the Democratic senator-elect from New Jersey, shakes hands with Howard Baker, far right, the Senate majority leader, during orientation session for freshmen senators Wednesday. Robert Byrd, majority leader, stands between Sen. Baker and Mr. Bradley, a former New York Knicks basketball player.

Cautions Parents of 'Local Church' Members

U.S. Sect Defector Warns of Pressures

By John Darr

DENVER, Dec. 14 — The one-time heir-apparent to the leadership of a little-known, intensely devout Christian sect called the "Local Church" has urged that parents get their offspring out of the California-based movement "any way they can."

Max Rapoport, considered the No. 2 man in the Local Church until his resignation in September, broke a two-month silence to tell of what he called dangerous psychological fears and pressures applied to members.

The Local Church, which has 5,000 to 7,000 U.S. members and tens of thousands of followers in Taiwan and the Philippines, is run from Anaheim, Calif., where its prophet, Witness Lee, lives.

Mr. Lee, 74, reached by telephone, declined to say anything about Mr. Rapoport but denied that there were psychological pressures on members or great demands on them to conform to his wishes.

'Free in Thinking'

"In our church everyone is so free. We are free in thinking," Mr. Lee said.

Interviews with Mr. Rapoport and other former members here last week revealed a story of adulation of Mr. Lee as divinely inspired and of members' fears for what God may do to them if they stray or leave.

Sal Benoit, leader of the Boston branch of the church from the 1960s until he left about two months ago, said in a telephone interview: "You don't know how insidious it is until you come out, and then you are amazed you could have been in it and not seen through it."

Cult-fighter Jack Sparks of Berkeley, Calif., in a book describing seven religious groups, said, "The brainwashing, or mind-bending, of the 'Local Church' is, I believe, the most powerful and lasting of any cult on the contemporary religious scene."

Mr. Rapoport said that he did not realize how much fear is a factor in member loyalty until he and his wife were criticized among members last August.

The 46-year-old former salesman resigned Sept. 29 as president of The Church in Anaheim (each congregation takes the name of its city) and as a board member of the Living Stream Ministry, the sect's non-profit corporation.

Slow to Speak Out

After moving to the Denver area, Mr. Rapoport said, he first hesitated to talk publicly about his experiences because of fear. The news from Guyana of the mass suicide of Peoples Temple members changed his mind, he said.

Mr. Rapoport said that the Local Church has no propensity to violence, but the fear of divine retribution is subtly and effectively conveyed. Followers are warned, by examples cited, that former members sometimes die suddenly or become mentally ill because of God's disfavor.

Mr. Rapoport said he knew of 13 persons in the church who had suffered nervous breakdowns because of the pressures. He said he was removed as head of the Living Stream Ministry after a church member accused Philip of an immoral act.

Attempts to reach Philip Lee for comment were unsuccessful. Witness Lee said his son does not like to answer such charges.

Mr. Rapoport said his standing in the Local Church seemed to erode gradually after that incident. His decision to leave, he said, also was helped by his opposition to charging members \$50 each for training sessions and \$25 for each videotape of Mr. Lee's talks. He estimated that the Living Stream Ministry takes about \$400,000 a year from such religious material.

Mr. Rapoport emphasized that Mr. Lee lives frugally and that there has been no intent to defraud by church leaders and no links with any government agencies.

Begin to Question

But he indicated that he started questioning some practices after he himself was perceived to be rocking the boat.

Thus, Mr. Rapoport said, he now feels that parents of members, most of whom are in their 20s and 30s, should pray that their offspring will leave. He recommended that even the controversial methods of "deprogramming" be used by parents, if necessary.

The resignations by Mr. Rapoport and Mr. Benoit reportedly have led to 80 defections out of 400 Boston members and 150 defections of Colorado members. Some disaffection has been reported in Anaheim and Tempe, Ariz.

But Mr. Benoit said there was little likelihood the Local Church would suffer a major split or a dissolution.

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Strict Curbs Proposed

Carter Asks Curtailment Of Searches of Journalists

By Charles R. Babcock

WASHINGTON, Dec. 14 (WP) — The Carter administration proposed legislation yesterday to protect journalists and other writers from surprise searches by federal and state law enforcement authorities.

The announcement was the administration's response to press concerns over a recent Supreme Court decision upholding a police search of the Stanford University student newspaper office.

The Justice Department supported the police in that case. But the White House said yesterday that the decision poses a serious threat to the ability of the press to gather information and to protect confidential sources.

Attorney General Griffin Bell and Philip Heymann, one of his aides, said that the proposal would prohibit searches for the notes, photos and tapes of journalists and scholars, with narrow exceptions.

Searches would be allowed if a person's life were in danger or if the reporter were suspected of a crime. The proposal also calls for a "subpoena first" rule when authorities are seeking other material — such physical evidence as an extortion note — again with few exceptions.

Unlike surprise searches, subpoenas can be challenged in court by the person holding the material authorities are seeking.

Interested parties, including several press organizations, the American Civil Liberties Union and several members of Congress, issued statements praising the proposal. But some said that the administration effort did not go far enough.

Further Shields Urged

Sen. Birch Bayh, D-Ind., whose Senate Judiciary subcommittee has held hearings on the issue, said that such protections are needed by others — doctors and lawyers — who hold confidential information.

Mr. Heymann, head of the Justice Department's criminal division, said that extending the safeguards to "third parties" raises difficult constitutional questions and might create sanctuaries where criminals could hide evidence by giving it to friends or relatives.

State and local prosecutors were expected to oppose the proposal because it would apply to them as well as to federal authorities.

Mr. Heymann is to testify next week before Mr. Bayh's subcommittee, and the timing of yesterday's announcement was viewed by some as a way "to win some political points" and publicity for a Carter initiative.

Mr. Bell said that he believed that the proposal was important because "it enhances the First Amendment right of freedom of the press and the public's right to know."

The Stanford Daily decision caused an outcry from news organizations which feared that the possibility of such searches might reduce reporters' opportunities to use confidential sources. In the Stanford case, police rummaged through files in an unsuccessful search for photos taken during a campus demonstration.

Mr. Bell said that the federal government has never authorized a surprise search of a newspaper office. The administration proposal

would have precluded all but two or three of the dozen such state searches conducted since 1970, Mr. Heymann said.

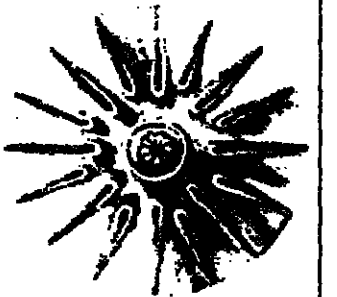
The plan would not bar prosecution of a journalist who possessed unauthorized national defense secrets, he added.

There has never been such a prosecution, Mr. Heymann said. "Realistically, we're talking about a tiny dot [such a possibility] on a mile-long line."

Civil damages could be sought for violations of the proposed law. But Mr. Bell said, "I doubt it'll ever be used. It's a protection... everybody will say, 'We'd better not do that [seek a search warrant]'."

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Separation' Rate Rising

U.S. Hurt by Pilot Exodus From Military to Airlines

By Bernard Weinraub

WASHINGTON, Dec. 14 (NYT) — The U.S. Air Force and U.S. Navy, which spend at least \$200,000 to train a pilot, are facing a major exodus of pilots to lucrative airline jobs.

Military officials say that the number of pilots leaving the services has accelerated rapidly in the last year because of the expansion of airline travel and the economic growth of the airline industry.

"Right now we're able to keep our cockpits manned," said Lt. E. Beattie Davis, the Air Force deputy chief of staff for manpower and personnel. "What we're concerned with is the future, the next few years. We're losing far more pilots than we should."

Gen. Davis and other Air Force officials said that the pilot drain is especially serious among men who have been in the Air Force 6 to 10 years and who are in their late 20s or early 30s. Voluntary pilot separations are up 14 percent in the last 18 months ago.

Similar Problems

The Navy faces similar problems. This year, it is retaining 46 percent of its pilots — those who remain on active duty after completing their initial obligation of six years in the military. Next year, the retention rate is expected to drop to 32 percent to 34 percent.

To cope with expected shortages, the Navy has called about 140 reserve pilots to active duty for three years.

"We know we can't compete in the airlines in terms of salary," said Rear Adm. Carl Seiberlich, a 34-year-old pilot who is deputy chief of naval personnel. "What we're trying to offer is a lifetime career that has a lot more to it than just driving an airplane. There's prestige, there's excitement, there's a great deal of responsibility, and we're hoping to reverse this situation."

What has compounded problems for the Navy and Air Force — and, to a lesser degree, the Marine Corps — is the demand for pilots by commercial airlines caused by retirement of hundreds of pilots who learned to fly in World War II.

and are now reaching the mandatory retirement age of 60. The airlines are predicting that 2,000 pilots will be hired each year until 1983, about 80 percent of them coming from the military.

Paul Renaux, a spokesman for the Air Line Pilots Association, said that the commercial airlines were not actively seeking out military pilots, but that the pilots themselves were applying to the airlines for jobs. He added: "There are a lot more pilots available than there are jobs."

Familiarization Program

The airlines do not train new pilots, but they conduct familiarization programs when new equipment is introduced. It costs the government from \$200,000 to more than \$750,000 to train a military pilot, whose initial obligation to remain in the service is about six years.

The key reason for the pilot drain is pay. A military pilot in the service for six years earns about \$23,500 a year, including allowances and flight pay.

Although most commercial pilots start as flight engineers, with starting salaries ranging from \$10,000 to \$15,000, pilots eventually can earn more than \$60,000 a year on commercial airlines.

Beyond the pay issue, however, military pilots say that working for commercial airlines gives them a more stable family life and frees them from the military promotion system and procedures, which often annoy independent-minded pilots.

2 Satellites Launched For NATO Network

CAPE CANAVERAL, Fla., Dec. 14 (AP) — Two communications satellites were launched last night as part of a communications network for U.S., British and NATO armed forces.

An Air Force Titan III-C rocket carried the two satellites aloft. Each can handle 1,300 telephone conversations at one time, plus teletypewriter, computer, television and still photographic signals, an Air Force spokesman said.

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Pulling a Fast One

The election in Namibia matters in itself, but it matters also as a measure of the way the ruling white minority in southern Africa understands the force of world opinion and how effective that force can be.

Namibia, or South-West Africa, has been ruled by South Africa ever since the end of World War I when the former German protectorate was given over to Pretoria to administer in trust. In the ensuing years, the South African government treated it as a province of its own despite clamor to the contrary backed up by judgments of the World Court. The United Nations recognized it as an independent entity, and in alliance with SWAPO, the territory's largest black grouping, made the birth of the state of Namibia its special project.

That project included a UN-run election, originally scheduled for December and supervised by UN soldiers and bureaucrats. But the South Africans, obviously fearful lest such an election express a rejection of their rule, hastily interposed an "internal" election of their own, which has been taking place with an alleged 81 percent turnout of the 400,000 registered voters despite a strenuous SWAPO boycott.

The results will not be announced until next week, but everyone assumes that the multi-racial, meaning white-run, Democratic Turnhalle Alliance will win overwhelmingly and set up a 50-man constituent assembly. Thus when the UN election does take place, as it is still supposed to, in six months, there will be a "democratically-elected" structure already in place which can, not to put too fine a point upon it, wreck any such plan.

Pretoria has not opposed UN elections and may yet agree, but it clearly will not go against the wishes of a democratically-elected assembly — and so on.

The UN can say that many voters were coerced into voting, and there will be many voices to support such a charge, as the Church Center of Namibia, an ecumenical organization, has already done. The leadership of SWAPO will certainly not accept it. But if the UN is to go ahead with its election plans, and they are vital to the UN's own prestige, this present maneuver will have to be swallowed. The South African authorities, in other words, have pulled a fast one: They have agreed to UN-run elections and yet they have found a way to nullify the procedure in advance if they so desire.

If Namibia is a test case of South African good faith, and it certainly should be taken as such, then the outlook for any evolutionary solution to the problem of white minority government in southern Africa is newly discouraging. For one thing, it means that much of the remaining usefulness of the UN in this sphere is now voided. For another, the West will have to acknowledge that the historical obstinacy of the South African whites will not give way to anything but the strongest kind of pressure, not even to the spectacle of inter-racial warfare which they see before their eyes in Rhodesia.

The election in Namibia, which could have provided an easy beginning for an accommodation, has been handled in bad faith and precious time has been lost. It is one more sign of South Africa's determination to resist what both its well-wishers and critics alike recognize as the inevitable future.

On the Ropes in Iran

President Carter keeps wobbling on the tightrope of Iran. He favors the shah, but he must also think beyond the shah. To show interest in the opposition may seal the shah's fate; to be too much for the shah may cause U.S. influence to disappear if he does not survive. Although vital U.S. interests are at risk in the crisis, it is fundamentally a domestic upheaval and U.S. control over events is slight. So what can a president do?

The main U.S. stake is oil. Japan, Israel and West Germany use much Iranian oil; the entire West counts on Iran's production to keep up the supply and to keep the price from going higher. Then, too, Iran is a strategic buffer between the Soviet Union and the Arabian sheikhdoms and oil routes. It is also in possession of some of the most advanced U.S. weaponry. And it is a vital symbol of the value of intimate alignment with the United States.

The shah is in trouble not because he is a friend of the West or the world's worst tyrant or a prime target of Soviet aggression. He teeters on his throne because the rapid economic and social changes that he brought about created political tensions that had no outlet in his one-party state and could no longer be contained by repression. The shah appears to retain the loyalty of his army, but he has been forced to choose daily between self-destructive crackdowns and concessions that gradually erode his authority.

His opposition is led by the Shiites and based in their religious institutions. But it comprises virtually all segments of Iranian society. The exiled religious leader, Ayatollah Khomeini, seeks to topple the shah and to force Iran in an entirely new direction, but he is unlikely to prevail unless the more flexible opposition leaders are driven into his camp.

by clumsiness on the part of the shah and his U.S. friends.

The shah may yet weather the crisis. He has been a good ally, and as long as his rule remains plausible he is entitled to the respect and support that Carter has extended. But the shah has gotten as he has given over the years and the United States cannot be expected to leave all its stake piled on one throne. There must be avenues of retreat, one of which leads toward making the shah a constitutional monarch accountable to a broad coalition. All the avenues require U.S. contacts with the opposition.

Fear of losing the shah (and being blamed for the "loss" of Iran) for too long paralyzed U.S. contingency planning. But Carter seems ready now to make up for lost time. His concern about not appearing to undercut the shah needs to be matched by concern about not solidifying Ayatollah Khomeini's hold on the opposition. The force of the mass movement against the shah can be terrifying to governments, we know, but it is worth remembering, as the Russians usually remember, that it can be directed, like any other political force.

In sum, Carter needs to stay on his tightrope, with a little more balance than he has shown in recent utterances. Certainly keep saying "the choice will be made by the Iranian people" and keep saying "we have not abandoned the shah." And keep deploring the bloodshed. But stop debating Ayatollah Khomeini and belittling his Islamic allies and let Americans maneuver among the opposition. Keep warning off the Russians by saying that the United States will neither intervene militarily nor tolerate anyone else's intervention. But never for a moment believe, as some would have the president believe, that the causes and cures are other than Iranian.

THE NEW YORK TIMES.

International Opinion

On Living Standards

The latest official comparison of standards of living in Britain and other major countries with that in the United States shows that the British position has actually declined since 1970, while all the others except Italy have closed the gap between them and the wealthy United States. . . . The lead of the Americans has shrunk not only because of the European and Japanese dynamic but because of their astonishing tendency to follow in Britain's footsteps with government-fostered inflation, futile incomes' policies to deal with it, the

growth of bureaucratic state welfare and incentive reducing taxes to finance it.

The relative economic failure of the English-speaking peoples in the last decade or so is very much the result of not learning from history. Perhaps at any rate we can learn from these statistics not to envy these more successful countries of Europe and Japan, but to imitate those virtues of hard work and self-discipline which have raised them so far above the ruin into which they were plunged by World War II.

—From the Daily Mail (London).

In the International Edition

Seventy-Five Years Ago

December 15, 1903

NEW YORK — The Union League Club of New York last night called for a congressional investigation of the suppression of Negro voting rights in the South. This decision is a complete reversal of their previous position, which was that a campaign started in the North would interfere with the present rapid progress of the colored people. The Union League debate expresses the concern of many friends of the Negro, who would like to reduce the injustice done him but are unsure whether the direct or indirect approach will prove more efficacious.

Fifty Years Ago

December 15, 1928

MOSCOW — Leon Trotsky, the former Soviet War Commissar, leads a busy but uneventful life in Alma Ata. Mr. Trotsky, who was instrumental in the Revolution and the Civil War, had always had problems with Lenin, and in the past few years has fallen out of favor with Stalin. He was expelled from the Politburo two years ago, and exiled to his current home in January. Trotsky lives directly across from the headquarters of the secret police. He has one servant, and is in constant touch with Radek and other opposition leaders also in exile.



Beyond the Wall Posters

By A. Doak Barnett

WASHINGTON — Recent wall posters and mini-demonstrations in Peking have stimulated some naive speculation about whether China is moving toward Western-style democracy. It is not.

There is no social basis in China today for pluralistic political democracy in the Western sense. With a population close to a billion, a 2,000-year-old tradition of centralized authoritarian rule, a Communist system dedicated to "democratic centralism" and an enormous array of complex economic and social problems, China must maintain fairly effective discipline to avoid chaos.

Both chairman Hua Kuo-feng and Deputy Premier Teng Hsiao-ping, China's dominant leaders since the death of Mao Tse-tung, agree that after a decade of confused struggle during the final years of Chairman Mao's life, what China now needs is "stability and unity." Yet the political ferment in Peking cannot be dismissed as unimportant. There are continuing differences among China's top leaders, and some are using grassroots political activity to obtain support for their own purposes. The leadership as a whole, while stressing the need for greater discipline, realizes that to arouse enthusiasm for its new development policies and to mobilize the energy and talent needed to achieve the regime's ambitious goals, it must abandon old dogmas and allow more expression of opinion.

Cultural Thaw

Starting in 1977, under the "Hundred Flowers" slogan of the 1950s, Peking initiated an exhilarating cultural thaw. Subsequently, it has promised freer expression of public opinion, greater attention to law and "socialist legality," and a gradual expansion of certain citizens' rights. After a decade of especially onerous ideological and political controls, many Chinese have reacted enthusiastically — even though the number of people actively involved in recent activities in Peking has been relatively small. Probably some have acted spontaneously, expressing pent-up frustrations and hopes. China's leaders will doubtless continue to encourage, to a limited degree, a freer expression of opinion by such people, but will try to set definite boundaries to keep it under control.

Unless there is another divisive, open power struggle at the very top of China's leadership, no repetition of the chaotic debates and struggles of the 1960s is likely. And Mr. Hua and Mr. Teng will probably try hard to avoid such a power struggle. Although these two men have disagreements, they nevertheless seem to have formed a symbiotic relationship, based on a complicated *modus vivendi* that is to their mutual advantage. Mr. Teng is calling the shots on basic policy, but without challenging Mr. Hua's position. Mr. Hua seems prepared to play a symbolic role for the present, biding his time and hoping to exercise power in the future. Neither seems inclined at present to risk destroying China's "stability and unity."

Mr. Teng may eventually try to purge a few of the remaining members of the Politburo who were most closely associated with Mao, rose during the Cultural Revolution, and helped purge Mr. Teng himself in 1976.

The real significance of the signs of political ferment in China can only be understood in the context of the great changes that have occurred recently in China's basic social and economic policies, which have been very far-reaching. More than most Americans realize, China has entered a new era since Mao's death. It has rejected, reversed or modified a large percentage of the policies that Mao symbolized and

China's top radicals pushed during the late 1960s and early 1970s — policies that gave highest priority to ideological values and egalitarian social goals.

Today, the primary aims of China's leaders are to speed up scientific, technological and industrial development, accelerate economic growth, and modernize the country. The concrete objectives they have set are extraordinarily ambitious — probably, in fact, too ambitious, and likely to create new problems in the future. In a sense, China is now attempting a new Great Leap Forward, this time aimed at pragmatic economic objectives rather than utopian social goals, but nevertheless calling for heroic efforts to achieve rapid change, which is likely to result in new tensions and cleavages in society. The Chinese form of Communism seems destined to change in ways that are still difficult to predict.

Domestically, the regime is now trying not only to improve planning and raise productivity, it is putting great stress on material incentives, adopting relatively nonideological (and elitist) educational policies to foster needed talent, and at least experimenting with the use of market forces to spur competition and push development.

In foreign relations, instead of stressing economic self-reliance, China has turned outward. It is buying tens of billions of dollars worth of foreign plants and technology, opening the country to foreign technicians as well as tourists, sending thousands of students abroad, shopping for huge amounts of foreign credits, and even advocating the study of capitalist management techniques. Mr. Teng is the driving force behind these changes, and the real patron saint of China's entire modernization program in its present stage is Chou En-lai, not Mao Tse-tung.

It appears that there is broad support for many of these changes. However, there is almost certainly some strong opposition, actual or potential, from many different kinds of people — including those who opposed Mr. Teng in earlier years, those who now see their power and positions endangered, and those who are genuinely and strongly committed to Maoist egalitarianism. For all those who oppose current trends, for whatever reason, Mao's legacy and name provide a potential rallying point.

Not surprisingly, therefore, the question of how to handle Mao's heritage has been a highly controversial issue in China in recent months, and one of the most important aspects of the recent ferment in Peking is the new fight it throws on how the problem will be handled — or at least how Mr. Teng would like to handle it.

The wall posters criticizing Mao, together with Mr. Teng's comments on them, suggests that a deliberate attempt is being made to demythologize China's foremost revolutionary leader — to cut him down to human size — but without any sweeping, overt program of total de-Maoization that could weaken the legitimacy of the regime and would certainly threaten the position of Hua Kuo-feng as chairman.

The International Herald Tribune welcomes letters from readers. Short letters have a better chance of being published. All letters are subject to condensation for space reasons. Anonymous letters will not be considered for publication. Writers may request that their letters be signed only with initials but preference will be given to those fully signed and bearing the writer's complete address. The Herald Tribune cannot acknowledge letters sent to the editor.

In actuality, the policy changes of the past two years amount to de facto de-Maoization, and Mr. Teng now insists that in shaping policy the Chinese must "see truths from facts," not rely on past dogmas. But it also appears that Mr. Teng aims to remove Mao from his pedestal as a demigod while preserving him as a national symbol. This is an extremely tricky thing to do. However, the posters criticizing Mao, followed by Mr. Teng's statements that Mao was mainly — but not entirely — correct, have moved China a step further on this tortuous path.

A. Doak Barnett, a senior fellow at the Brookings Institution, is the author, most recently, of "China and the Major Powers in East Asia." He wrote this article for The New York Times.

A French Tilt to Guinea

By Jonathan Power

LONDON — Unless you would like to visit the world's largest bauxite mine or pay your respects to long-time resident Stokely Carmichael, one of first to shout "black power" in the angry 1960s, you're not likely to enjoy a visit to Guinea, the small former French colony on the west coast of Africa. Guinea is not on the way to anywhere, its hotels are run-down and inhospitable, and its inhabitants are for the most part subdued and subservient.

Many of its most intelligent and independent-minded people are in prison. Amnesty International says there are about a thousand prisoners; another million, a sixth of the population, choose to live outside the country. Only two or three other regimes in Africa are more repressive.

For all its inhospitableness, Guinea is not forgotten. Last month, U.S. Ambassador to the UN Andrew Young arrived in Conakry for a ceremony to commemorate the attempted Portuguese invasion in 1970. Next week President Sekou Toure will play host to the president of France, Valéry Giscard d'Estaing.

Guinea is fact is the focus of an unusual amount of high-energy diplomacy. It is simultaneously a tug of war between the Soviet Union and the West, between France and its Western allies and between human rights "activists" and "realists."

Guinea became independent from France in October, 1958. It was the only French colony to vote against political union with France. For this sin, it was cast out into the cold, unloathed. Charles de Gaulle ordered an immediate halt to all financial and administrative assistance. Even the telephones were ripped out by departing French technicians and civil servants.

Guinea soon became the Soviet Union's first African protégé. In return for espousing its own brand of African Marxism, it received aid and technical advice from Eastern Europe. Sekou Toure also gave the Soviet Union permission to use Guinea as a port of call for the Soviet Navy and for TU-95 reconnaissance planes flying patrols over the South Atlantic. In 1975, Conakry was an important staging post for Soviet and Cuban troops and armaments en route to Angola.

But Guinea has not progressed. The economy has gone downhill. Soviet aid and technical advice have been third-rate.

Starting in 1975, Sekou Toure decided to loosen his relations with the Soviet Union and strengthen them with the West. That year diplomatic relations with France were

Press Bill Strikes A Blow for Liberty

By Anthony Lewis

BOSTON — "It is a First Amendment bill, not just a press bill."

With those words a lawyer characterized one of the most striking and important ideas for constitutional legislation to come out of Washington in years. It is the proposal, just unveiled by President Carter, for a bill forbidding police searches for writings and other material designed to inform the public.

The suggested bill gives an ingenious answer, in one context, to a nagging philosophical and practical question: Should professional journalists have special legal protections in their work, or should the same rights extend to authors and scholars, and even to the Supreme Court, as called "the lonely pamphleteer?"

That issue has divided judges and legislators and civil libertarians. It has paralyzed congressional efforts to ease the press's fears about recent Supreme Court decisions affecting confidential sources. Now, in one area at least, there is a chance for consensus.

An Answer

The Carter proposal is an answer to the Supreme Court decision last May in the case of the Stanford Daily. The Daily had published photographs of a mass assault on the police during a demonstration. Local prosecutors obtained a warrant and made an unannounced search of the paper's office for other prints or negatives that might show the faces of the attackers.

The Daily argued that someone not himself suspected of a crime — a third party — should be given notice and the right to a hearing before his premises were searched for documentary evidence. By a vote of 5 to 3, the Supreme Court rejected that argument and upheld the lawfulness of the search.

The decision provoked an outcry from editors all over the country. They feared that their offices would be open to surprise searches and their files compromised. The reaction in Congress was also unusually strong, with many corrective bills filed by members of both parties. But the bills quickly ran into familiar problems of definition.

Some of the measures, for example, would have limited searches of the press. But who would be included in that? The Authors League argued that its members, who write books and magazine articles and plays, also informed the public on vital issues and needed the protection just as much.

Other bills have been proposed to protect all "third parties," not just "the press." But if they covered searches by state and local police, who do most of the searching, these bills ran into another problem: There are doubts about the consti-

tutional power of Congress to regulate local police practices as such.

The new administration proposal cuts through those arguments. Instead of trying to define places that cannot be searched, such as offices of "the press," it creates a category of materials that cannot be the object of a search. Those are the work products of anyone preparing a publication or broadcast for public dissemination: reporters, scholars, freelance writers, pamphleteers.

The "work products" covered would include notes, photographs, tapes, interviews, files and drafts, whether used or unused in the final version. The proposed legislation would flatly forbid any search for or seizure of those things, unless the person whose premises would be searched was himself a criminal suspect or a life was threatened.

The proposal covers state and local police as well as federal agents. It does so by means of the undoubted power of Congress over interstate commerce. The bill would apply to materials produced in connection with any form of interstate communication — in or affecting interstate commerce — which nowadays covers just about every writing or broadcast.

The Stanford Daily could not have its photographs seized under this legislation. But the bill would also protect a professor preparing an article about the CIA, or a former CIA officer writing a book about the last days in Vietnam.

Searches of other third parties, such as doctors and lawyers, would not be affected; they present more difficult legal problems that the Justice Department is still studying. Nor would the bill deal with the subpoenas that worry the press in the Farber case. But what it does — limiting searches in the First Amendment area — does with rare boldness and imagination.

The idea came from a task force under Assistant Attorney General Philip B. Heymann, Attorney General Griffin B. Bell, who has his troubles with the press, never much credit for pushing on it, hard issue. For the significance, the achievement goes beyond immediate legislation.

Over the last few years the established press in this country, much of it, has argued that it needs special legal rights: a preferred constitutional position. That argument has seemed to me unavailing and unwise as politics. If ordinary people see the press getting right denied to them, they are not likely to be sympathetic.

The safety of the U.S. press does not lie in elitism; it depends on broader freedom to inform a democracy. Here, in the new proposal, is a way to answer elite fears without reducing the not general of the Constitution. Journalists and constitutional lawyers should celebrate together.

JPY 1000

Building Nuclear Weapons A Long, Complex Process

(Continued from Page 1)
few months with those who have participated in the process — current and former government officials, military men, scientists and members of Congress — disclose a somewhat different story.

The process, according to many, has been mindless at times, grinding out new weapons to replace old without critical analysis of how they eventually could be used.

Nuclear artillery is a case in point. The first nuclear shells were built in the early 1950s, when the United States was concerned about a European war. All weapons were made with dual capability for nuclear and conventional warheads.

Twenty years later, the limits of nuclear artillery in range and use are well known. Yet a new generation is about to be produced without a close look at whether they are in fact needed.

Interservice rivalries also have affected nuclear-weapons decisions. The Army's desire to get into the nuclear picture, for example, was as much behind the push for nuclear artillery as any other factor.

In recent years, competition between Los Alamos and Livermore has been a growing influence on the weapons program, as the two centers try to outbid each other to produce a warhead.

Getting more radiation from a nuclear weapon, the basis for neutron warheads, is a Livermore product. This so-called enhanced radiation was promoted as the basis for a new 8-inch nuclear artillery shell when Congress in 1973 turned down funding for Los Alamos' traditional nuclear shell.

Competitive Designs
Today, the two laboratories are working on competitive medium-range missiles for Europe, and each may have a special weapon effect as a sales point.

The bureaucratic framework for the competition is the Energy Department's seven-phase development and production system for nuclear weapons. The complicated process normally takes from five to ten years. Stockpile life for a completed warhead is supposed to be 15 to 20 years.

Phase 1 is weapon conception, where the two nuclear laboratories explore on paper the ideas that could be translated into real weapons.

In some Phase 1 studies, the Los Alamos and Livermore laboratories coordinate with the Sandia Corp., which designs electronic systems inside the weapons guide it to the target, prepare it for firing, and then actually get it off.

Phase 2 involves more study, often using computers. The Los Alamos and Livermore

laboratories have two of the most advanced computer complexes in the country. They use the computers to analyze through mathematical models exactly how the elements in the proposed weapon would work and whether the outcome is what the military services need.

Scientists at both laboratories say that without these mathematical projections there would be no way, short of exploding hundreds of test devices, to determine the size and shape of new weapons.

It is also in this phase that some devices are tested underground in Nevada to check out what the computers have shown to be the most promising designs. Both laboratories have an allocated number of such tests — 7 to 12 in recent years — each of which can cost \$1 million or more.

The number of development tests allowed by the president has decreased in past years. With the possibility of a comprehensive test ban looming for the future, both laboratories have been pressing to increase this number.

Phase 2 has one other important element. The military services try then have shown an interest in the type of weapon under study. The prospect exists that the warhead will go on to production. The laboratories then compete with separate designs — a competition that ends with one of the other being selected by the Energy Department to develop the weapon if it is chosen for production.

These first two phases can run three years or more. Many weapons studies never proceed beyond Phase 2. Currently, for example, the Navy has made a request for a Phase 2 study of a nuclear anti-submarine-warfare weapon. "They ask for that every few years," a laboratory official said recently, "but we doubt it will ever go anywhere."

Phase 3 Commitment
Phase 3 is the jump to committing the large amounts of funds necessary to build a weapon.

The Pentagon must request a Phase 3 study. Energy officials then decide whether to approve design or Livermore's will be used.

It is normally during Phase 3 that Congress, through budget submissions, gets its first indication that a specific new weapon is being contemplated.

It is also during Phase 3 that the first sign of the costly, intricate and time-consuming effort that goes into manufacturing each weapon emerges. For example, the Energy Department's Albuquerque Operations Office, which coordinates the production process, produces a three-volume plan assigning production of warhead parts to different Energy Department plants.

Thus, during Phase 3, the first



NEW COINS STRUCK — The U.S. Mint in Philadelphia has begun production of a new dollar coin. The coin — in between a 50-cent piece and a quarter in size — bears the portrait of women's suffrage champion Susan B. Anthony.

orders will be placed for the special machine tools to build the unique parts that each weapon needs. The laboratory designing the weapon sends out specifications, and each plant in the complex works out a production system.

Test Machines
Frequently, not only are new machine tools needed to build the parts designed for a specific weapon, but also a machine must be built to test the new part to insure that it meets specifications.

Some of these pieces of equipment are so complex they must be ordered more than three years before production is scheduled to begin.

Late in Phase 3, the proposed warhead finally is priced. Phase 3 can take two to three years or more to complete.

Phase 4 — final production engineering — lasts another two years. During this time, a work force to build a weapon gets security clearance and is trained.

Working models of the warhead are built. Parts are tested constantly — pushing the material until it is destroyed to see how long it lasts. Hundreds of changes are made as a result of these tests.

Working out the kinks in production during Phase 4 can take another two years or more.

Pilot production begins in Phase 5, under which the parts go to the Pantex plant near Amarillo for assembly. Here again, completed weapons are then torn apart to see how various parts interacted.

Nuclear weapons are made up of materials that are essentially non-compatible. The high-explosive

components are often chemically unstable, and the nuclear materials are constantly giving off radiation. The glues, resins and epoxies can react to the chemical and nuclear materials tightly packed inside the warhead container. That reaction can harm the complicated miniature electronic components.

Normally, Phase 6 — full-scale stockpile production — starts less than a year after pilot production begins. The time between the beginning of the process and Phase 6 is frequently 10 years.

From Pantex, the completed warheads — sometimes mated to a delivery system — are shipped in guarded armored trains to the military customers.

Later Checks
Delivery to the stockpile does not end the Energy Department's responsibilities for the warheads. Each year, a few examples of each weapon are returned to Pantex, where the nuclear components are removed, the weapon is checked and delivery systems are tested.

When the time comes for retirement — often after 20 years — disassembly also takes place at Pantex.

About \$1.4 billion a year is spent on weapons development and production, including the costs of the nuclear weapons laboratories. Another \$900 million goes for nuclear materials.

History shows that problems come up regularly with the stockpiled weapons. In the mid-1960s three-quarters of the Polaris A-1 warheads had a malfunctioning safety switch that would have prevented a nuclear detonation had they been launched.

Building nuclear warheads is like no other manufacturing operation in the United States. From scientist to plant general manager, the participants express great satisfaction that their products are like no others. The weapons probably will never be used.

They must, however, sit ready for immediate use for 20 years. The men that design and build them say they are expected to work with 98 percent reliability.

But no one expects to be around to check up on that claim.

Moslem Refugees Return to Burma

RANGOON, Burma, Dec. 14 (Reuters) — Nearly 23,000 Burmese Moslems who fled to Bangladesh this year have returned to Burma under a repatriation agreement between the two countries, the Burmese government said today.

More than 200,000 persons, mostly Moslems, reportedly fled to neighboring Bangladesh last spring.

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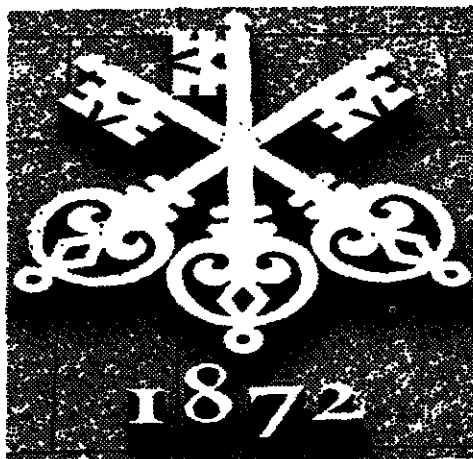
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Suits Seek Safeguards, Right to Refuse Treatments

Mental Patients Challenging Methods of Psychiatrists

By Richard Severo

NEW YORK, Dec. 14 (NYT) — Mental patients are challenging modern psychiatry, its heavy reliance on treatment with drugs and the whole traditional mental health system. Many even question whether "mental illness" exists. And their movement, psychiatrists concede, is having an effect.

Relying heavily on litigation, mental patients in the United States, Canada and Europe are trying to narrow the controls that psychiatrists have over them in public and private mental hospitals. They want the right to refuse medication and shock therapy, even if they have been committed to an institution involuntarily, and they want more legal safeguards built into the commitment process.

They are not objecting as much to "talking" therapy, although many believe that a peer group can do more for a person with problems than a professional can.

They also are questioning the lexicon of psychiatry, words such as "incompetence," "schizophrenia" and "psychotic." They argue that because psychiatrists frequent-

ly disagree on the meanings of these terms, they are of questionable value in commitment proceedings that can mean the deprivation of a person's liberty.

Menace Seen

Dr. A.E. Bennett, a psychiatrist who pioneered in the use of curative as a muscle relaxant, has called the movement a "menace to society" and warned, "Organized medicine, especially psychiatry, must snap out of its apathy and accept the challenge and meet it for the good of all patients and psychiatry."

But Dr. Thomas Szasz, a professor of psychiatry at the State University of New York Upstate Medical Center at Syracuse and a long-time critic of his own profession, says the mental patients' movement is "the only hope we have for ending the horror of psychiatric oppression." The very notion that mental illness exists, he says, "is scientifically worthless and socially harmful."

In interviews with dozens of patients, psychiatrists, researchers and drug manufacturers, who are frequently the targets of the patients' criticisms, a picture em-

erged of a movement that began to gather momentum at the beginning of this decade but remains fragile, even in its militancy.

It remains unclear how many people are involved. But at least thousands of past and present mental patients are participating in what they regard as their liberation movement, a nonviolent effort that has attracted people of all ages and has an orientation that is essentially middle-class.

Patients, rather like the psychiatrists who treat them, do not always agree among themselves on what the role of drugs and other treatment should be, although they tend to be most concerned about powerful drugs in the "major tranquilizer" group, such as Thorazine. Nor do patients agree on what the role of psychiatrists should be, although the essence of their movement is clearly anti-psychiatrist and anti-professional.

Patients Disagree

"Although the consciousness of the people has been raised and the siege is on, little has been accomplished in a substantive way," says Janet Gotkin, a writer and a former mental patient in New York. There have been changes but the changes are not profound. We still haven't changed the basic, punitive involuntary system."

Many psychiatrists and lawyers, including those who agree with Mrs. Gotkin that much more must be done, disagree with her assertion that the system has not changed substantially from the medieval bedlam or even the mid-20th century "Snake Pit" that became a prison for a best-selling book and a motion picture.

They note that in the last dozen years, mental patients and their problems have attracted the attention of public-interest lawyers, including those with the American Civil Liberties Union. In various state and federal courts, mental patients have won important victories.

Supreme Court Ruling

Perhaps the most important of these occurred in 1975, when the Supreme Court issued its ruling in the case of *Kenneth Donaldson*, who had been kept in the Florida State Hospital system for 15 years.

"A finding of mental illness alone cannot justify a state's locking a person up against his will and keeping him indefinitely in simple custodial confinement. Assuming that term can be given a reasonably precise content and that the 'mentally ill' can be identified with reasonable accuracy, there is still no constitutional basis for confining such persons involuntarily if they are dangerous to no one and can live safely in freedom."

Mental patients have brought other successful suits in state courts. In New York State, a source of such suits is the Mental Health Information Service, which, with a staff of about 75 lawyers paid with public funds, represents the interests of patients who are in institutions involuntarily and involuntarily. In 1976, there were about

125,000 admissions to mental institutions in the state, 78,000 voluntary and 47,000 involuntary. These generated about 14,000 judicial proceedings and many out-of-court settlements, often involving patients who had been committed involuntarily to an institution they wanted to leave.

Court action has also produced results for patients in other states.

Vague Standards

Federal and state courts in Kentucky, Wisconsin, Pennsylvania, Michigan, Washington and Alabama have decided that even though the state may in theory have the power to commit individuals who are not capable of protecting their own interests or who may be harmful to themselves or others, the standards are so vague that the commitment power may violate due process.

Lawsuits have brought restrictions on use of electroshock treatment in California. Militants in the mental patients' movement are seeking a national standard that would prohibit anyone's receiving shock therapy without consent.

Each year, an estimated 250,000 Americans receive shock treatment, described by mental patients as painful and frightening. Some psychiatrists nevertheless regard it as useful in calming people diagnosed as schizophrenic.

The psychiatrists whose profession and livelihood are under attack do not always disagree with everything the patient-activists are saying, and they frequently are sympathetic and supportive.

Some psychiatrists say they would oppose giving involuntarily committed patients a veto over proposed drugs and other treatment. They tend to see the vitality of the mental patients' movement as evidence that modern psychiatry has worked so well that the very patients it helped are now strong enough to attack it effectively.

All the Fits That's News To Print

NEW YORK, Dec. 14 (NYT)

Participants in the movement to protect the rights of mental patients educate the public about their side of the mental health problem with books, articles, poetry and plays.

Using humor as well as "horror stories," they publish pamphlets, newsletters and newspapers; one of the best-known newspapers of this type is the *Madness Network News* of San Francisco.

The nameplate on that publication's front page is the slogan, "All the Fits That's News To Print." Although it has only about 1,000 paid subscribers, the quarterly has a wide readership among the movement's activists.

Bosch's 'Conjurer' Stolen By Armed Team in France

By Andreas Freund

PARIS, Dec. 14 (NYT) — One of the world's finest Hieronymus Bosch paintings, "The Conjurer," was stolen yesterday from the museum of suburban Saint-Germain-en-Laye by an armed team of thieves under the eyes of the curator, a guard and more than 40 onlookers.

The 21-by-26-inch oil-on-wood, painted by the Flemish master in 1476, was insured for 3 million francs (\$480,000).

The painting is too well known, according to the police, to be sold anywhere without an alert being sounded. The most likely possibility, the police added, was that the thieves would offer to return the painting for a ransom.

"The Conjurer" is a miniature showing 11 human figures involved

in the kind of psychodrama that the somewhat diabolic Bosch painted to illustrate his rather dim view of humanity.

The painting, dominated by reds and greens, shows a crook drawing the attention of a gullible burglar and a crowd of bystanders with a juggling act — as an accomplice in the garb of a monk is stealing the man's purse.

The museum got possession of the work, which figures in many art-history books as a particularly representative example of Bosch's universe, in the last century. It was bequeathed to the museum by the township's mayor, who had inherited it from his father, a painter and collector of art.

The oil was taken from a ground-floor hall of the museum shortly before 5 p.m. yesterday by a man described as being in his 30s. A second man of about the same age held everyone in the room — including the curator, Cecile Vincent — at bay with a pistol. The pair then fled in a car driven by a third man. The car had been stolen, the authorities said.

Hanoi Aide Visits Tokyo

TOKYO, Dec. 14 (UPI) — Vietnamese Foreign Minister Nguyen Dny Trinh arrived today for a week of talks with Japanese leaders on economic and emergency food aid to Hanoi.



Salvador de Madariaga addresses the Spanish Royal Language Academy in 1976, on first visit to Spain since Civil War.

Obituaries

Salvador de Madariaga, Spanish Author, Historian

From Wire Dispatches

LOCARNO, Switzerland, Dec. 14 — Spanish author and historian Salvador de Madariaga, 92, a leading opponent of Franco who lived in exile for four decades, died today at his home here, his family announced.

Mr. Madariaga, a political liberal who refused to take sides in the Spanish Civil War, was the author of major historical works on the Spanish empire and its explorers in North America, essays on Spanish literature and books on contemporary European politics.

After the abdication of King Alfonso in 1931, he was appointed ambassador to Washington by the new Republican government in Madrid. He later served as ambassador to Paris and headed the Education and Justice ministries before going to Britain in 1936.

In that year, he became disaffected with the increasingly leftist Republican government. He resigned in 1936 and took no part in the 1936-1939 Civil War against the rightist forces led by Franco.

After the war, he went into exile and pledged that he would not return as long as Franco was in power.

Park Party Wins 7 Fewer Seats Than Expected

SEOUL, Dec. 14 (AP) — President Park Chung Hee's party won seven seats fewer in the National Assembly than expected, but will still have a majority of 59 in the legislature.

Final returns from Tuesday's election of 154 members gave Mr. Park's Democratic Republican Party 68 seats, one more than it had in the last assembly. The opposition New Democrats won 61, a gain of eight. Independents have 22 and the Democratic Union Party, a splinter of the New Democrats, 3.

The president appoints the other 77 members, assuring him of continued control. Both Mr. Park's party and the New Democrats are conservative and differ little on foreign and domestic policies.

Two assembly members were elected from each of the 77 election districts. The Democratic Republics entered only one candidate in each district but had been expected to win in 75 of them. The New Democrats entered 81.

The national election committee announced that 77.1 percent of the 19.4 million eligible voters cast ballots for the most peaceful campaign in 30 years.

ILO Forecasts Sharp Drop in Farm Workers

GENEVA, Dec. 14 (AP) — The farm populations of the industrialized West and of Eastern Europe, already aging and dwindling since 1950, will almost disappear by the end of the century, the International Labor Organization predicted today.

It said that the two regions' combined agricultural labor force shrank from 146 million persons in 1950 to 87 million in 1970 and, if recent trends were to continue, would be down to 28.5 million in the year 2000.

It means that, on the average, almost 1.5 million persons left the farms of the two areas every year between 1950 and 1970, and the shrinkage is likely to continue at an increased pace of almost 2 million annually up to the turn of the century, the ILO predicted.

Furthermore, they said in a report entitled, "The Case of the Disappearing Farmer," with more young people leaving farms, the agricultural population will age even more.

High Tide Floods Venice

VENICE, Dec. 14 (AP) — A high tide from the Adriatic Sea flooded sections of Venice today. The floodwater was a meter deep in some areas.

Argentine claims the Falklands, but Britain has said that it will not transfer sovereignty without the consent of the islands' inhabitants. The Falklanders have said that they want to remain British.

The Geneva talks will cover questions of economic cooperation between the islands, which have a population of about 2,000, and the Argentine mainland.

Two Democratic officials also said that they had a commitment from Sen. Edward Kennedy, D-Mass., to introduce a bill which would amend that section of the Immigration Act which requires that American citizens, who are married to aliens and residing overseas and want to transmit U.S. citizenship to their children, must have lived in the United States for at least 10 years, at least 5 of which were after the age of 14. They are hopeful that this 10-year period would be reduced to 5 years or even 1 year. In addition, they hope to expand legislation passed last term that repealed two sections of the Immigration Act.

Those sections:

• Required that children born

Conflict Over Islands

Meeting Fails to Resolve Chile-Argentina Dispute

By Juan de Onis

BUENOS AIRES, Dec. 14 (NYT) — The foreign ministers of Chile and Argentina have been unable to agree on a mediator in their dispute over the possession of islands at the tip of South America, increasing the possibility of an armed conflict.

Despite a public appeal by Pope John Paul II to both governments and a warning by the Carter administration to the Organization of American States of the dangers of a conflict, 18 hours of talks ended Tuesday without an agreement.

Foreign Minister Hernan Cubillos of Chile returned to Santiago yesterday. On his arrival, he said that Chile had accepted an Argentine proposal that the pope act as mediator, but had rejected a demand that it accept a demarcation line dividing the Atlantic and Pacific on a meridian passing through Cape Horn.

These and other demands of the Argentine government limiting the action of the mediator prevented a final agreement, Mr. Cubillos said.

Long Session

The Argentine military committee, composed of President Jorge Rafael Videla, the three service commanders and the minister of defense, held a long session yesterday, but no public announcement was made of any decision.

Some Argentine military sources have predicted that failure to reach agreement on a mediator would lead to the occupation by Argentine forces of some of the disputed islands south of the Beagle Channel, such as Cape Horn, Barnevelt and Evout. These are not inhabited, but possession of them would serve to strengthen Argentina's claims to maritime sovereignty in the area.

Nervousness over a possible war has built up among the populations of both countries during months of unsuccessful negotiations and the growing belligerence of statements by Argentine military officials.

Argentine infantry units, reportedly totaling up to 10,000 men, have been deployed along the 2,500-mile Andean border with Chile, and marine infantry units have been reinforced in Tierra del Fuego, near the disputed area. The Argentine fleet is on maneuvers in the South Atlantic.

In a letter addressed to Gen. Videla and to President Augusto Pinochet of Chile, Pope John Paul said, before the meeting of foreign ministers that ended Tuesday, that

the ministers should try to maintain a discussion "obviating steps that could lead to unforeseeable consequences."

The demarcation line that Argentina is demanding that Chile accept, running south from Tierra del Fuego through Cape Horn, involves a two-ocean principle defended by the Argentines since the 19th century.

The Argentine position, however, was seriously undermined by an international arbitration award made in the name of the Queen of England in 1976 that recognized Chile's claim to three islands — Nueva, Pictou and Lennox — at the Atlantic entrance to the Beagle Channel.

After much internal debate, the Argentine military government unilaterally rejected the arbitration award, which was binding on both parties, and insisted on negotiations with Chile on the demarcation of territorial and maritime jurisdiction.

Negotiations began with two meetings between Gen. Videla and Gen. Pinochet early this year. A negotiating commission was formed and worked for six months. But on Nov. 2, the commission reported that differences could not be resolved and ended its work.

Chile proposed then that the dispute either be submitted to the International Court at The Hague, as is provided for in a treaty of peaceful settlement of disputes with Argentina, or that a mediator be named.

The Carter administration showed its concern over the Chilean-Argentine dispute Tuesday when Gale McGee, the U.S. ambassador to the OAS council, asked that the regional body offer its services to both countries — in the event the negotiations became deadlocked — to avoid a conflict.

Raul Castro, the U.S. ambassador to Argentina, has been in contact in the past week with some of the key Argentine military commanders, including Gen. Luciano Menendez, commander of the 3d Corps in Cordoba, who is considered a hawk on the dispute with Chile.

Political rivalries within the Argentine armed forces are a factor in the aggressive posture that has been taken verbally by some military chiefs. Powerful figures such as Gen. Menendez are at odds over internal policy and service politics with relative moderates such as Gen. Roberto Viola, the army commander in chief.

2 Democrats Predict Aid For U.S. Citizens Abroad

By Robert C. Siner

WASHINGTON, Dec. 14 (HTT) — Two officials of the Democratic Party Committee Abroad expressed strong optimism yesterday about the prospects for government action to help Americans abroad.

Anthony Hyde and Jack Loyello, who represented overseas Democrats at the party's midterm convention in Memphis, said that the chances seem very good for advances in voting rights, citizenship and the establishment of a joint congressional liaison office for Americans living abroad.

They also were encouraged by evidence that the White House is committed to producing a report to Congress on federal laws that discriminate against Americans overseas.

The report was mandated by Congress as part of legislation authorizing funds for the State Department and the International Communication Agency. The bill, introduced by Sen. George McGovern, D-S.D., requires the administration to submit periodic reports, including recommendations for remedial action, to Congress. The first report is to be submitted on or before Jan. 20, 1979.

The Democratic officials had been concerned that the report, because it would be an interagency effort, might bog down in jurisdictional disputes if it lacked strong White House backing.

Postcard Registration

Mr. Hyde and Mr. Loyello also said it was likely that a simple postcard registration for voters abroad would be adopted next year. In addition, they expressed hope that the list of overseas voters would be made available to Democratic and Republican organizations abroad to help organize these voters and increase their effectiveness before Congress.

On a related matter, Mr. Hyde said that legislation adopted in the past term which enables U.S. citizens overseas to participate in national elections without incurring additional local, state or federal tax liability, had led to a significant increase in the number of Americans abroad registering and voting.

The two Democratic officials also said that they had a commitment from Sen. Edward Kennedy, D-Mass., to introduce a bill which would amend that section of the Immigration Act which requires that American citizens, who are married to aliens and residing overseas and want to transmit U.S. citizenship to their children, must have lived in the United States for at least 10 years, at least 5 of which were after the age of 14. They are hopeful that this 10-year period would be reduced to 5 years or even 1 year. In addition, they hope to expand legislation passed last term that repealed two sections of the Immigration Act.

Those sections:

• Required that children born



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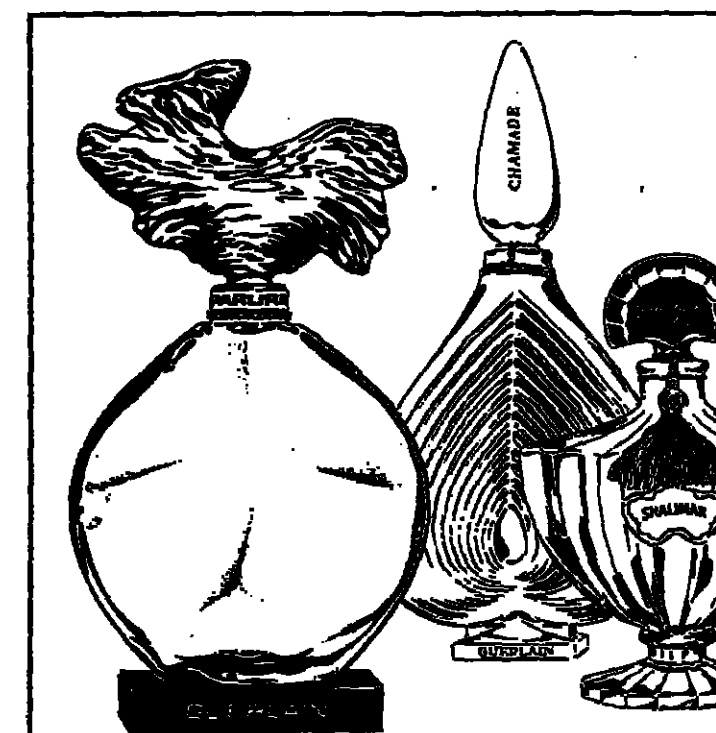


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Drama in London

'Wheelchair Willie':
Surreal, Shocking

By John Walker

LONDON, Dec. 14 (IHT) — Alan Brown has taken an original theme for his first stage play, "Wheelchair Willie," and treated it in a startling way.

From the moment the curtain rises on a squalid sitting-room that is soon inhabited by a sluttish, apathetic mother and her two curious children, any regular theatergoer will realize that the higher depths of modern Britain are once again on show — life in a tower block of flats, where those at the bottom of society have room at the top only for despair and misery.

But Brown, instead of the usual documentary approach, favors a more surreal style, designed to shock and offend, relying on comedy juxtaposed with violence. In the second act, in a moment that recalls Edward Bond's "Saved," which was staged as Brown's play is, at the Royal Court — the mother burns her baby grandchild with a blowtorch.

Whereas the death of the baby in "Saved" was genuinely moving, an act of mindless violence in an ungrateful society, the burning here almost passes unnoticed in a scene of general mayhem.

Brown's dialogue tends towards that stilted formality used in the wrong situations — "I'd love you to embrace, but I'm covered in cold vomit" — that was a mark of Joe Orton. It is a device easily overworked, just as the shocks become predictable.

The play resembles the gorier Greek myths acted out by modern dramatists, and even has a deus ex machina, when Willie descends from some heavenly sphere in glory to destroy everything by fire except his sister's latest child — born suddenly after she had been punched in the stomach, dumped by her in a trash can, and revived by a passing policeman, who takes his leave quoting Greek words at length from James Joyce.

This climax is splendidly managed by director Max Stafford-Clark, and the cast responds nobly to the play. Frances de la Tour as the mother is marvelously funny, clucking across the stage in a walk where her feet never leave the ground, or perching like a bedraggled vulture on her "soliloquizing

stool" for direct addresses to the audience.

Tony Rohr is excellent, too, as Wheelchair Willie, having to combine the functions of a helpless individual with sudden moments of cultured sensitivity, while Robert Walker roars effectively as Aberdeen Angus, the Scottish lover.

Max Beerbohm called John Galsworthy's "Strife" a great play when it was first staged in 1909, with its dramatic battle between two strong and stubborn men, one the chairman of a tinplate works, the other the leader of the striking workers.

"Beyond the clash of these combatants in the foreground," wrote Beerbohm, "we dimly hear, all the while, the roar of a worldwide war, the ending war between the rich and the poor."

That theme is brilliantly emphasized in Christopher Morahan's excellent revival of "Strife" at the National's Olivier Theatre. In John Bury's superb setting, the machinery of the factory — showing the hot, dull nature of the labor — broods over the elegant setting in which the businessmen do their business.

The play retains its topicality, for the war between capital and labor continues as fierce as ever. And its minor themes come across even more forcefully now.

Sharps and Flats

PARIS — Liza Minnelli will be the top attraction at the Olympia Dec. 17-18 at 9 p.m. The Noah Howard quartet and the Khan Jamal trio will be at the Petit Forum Dec. 16 at 8 and 10 p.m. The Archie Shepp quartet and Joe Lee Wilson are there the next night at 9 p.m. Energy is at the Forum des Halles Dec. 15 at 11:30 p.m. Ingrid Caven opens at the Theatre 347 Dec. 16 at 9 p.m. Catherine Sauvage is at the T.E.P. Dec. 18-23. The Brazilian Revue is appearing nightly at the Theatre des Champs-Elysees.

GENEVA — Ray Bryant is at the Popcorn Club through Dec. 16, followed by Henri Chaix, Isla Eck-



Dream ballet sequence illustrates Broadway polish of Hamburg Opera production of "West Side Story."

Theater in Germany

Lively 'West Side Story' Is Hamburg Hit

By David Stevens

HAMBURG, Dec. 14 (IHT) — The American musical has showed its way into the German opera house in the last couple of decades, usually sharing the same wing as Offenbach and Lehar, but the vital new staging of "West Side Story" just unveiled by the Hamburg State Opera, puts this kind of U.S.-European cultural exchange on a new level.

It has been 21 years since this Jerome Robbins-Leonard Bernstein-Stephen Sondheim-Arthur Laurents rereading of the "Romeo and Juliet" story gave a new impulse to the Broadway musical. It introduced a note of tragedy set in a serious contemporary context, and it was — and still is — one of the best integrations of dance, song, words and story to be put on a stage.

And here is a major German opera house, not just replenishing its toy department for the holiday season, but coming to grips with a modern classic on the work's terms — and, as far as possible, with the house's own resources. You can't get much more serious than that, and the result was reflected in the Broadway polish and stylistic rightness of the production, so that the whole piece, and especially Bernstein's ingenious score, seemed as fresh as ever.

Hamburg had the on-premises man for the job in its American ballet director, John Neumeier, whose first professional dancing was done in a Chicago company of "West Side Story." Like Robbins on Broadway, he staged and choreographed the Hamburg production, and the fusion of the Robbins style and Neumeier's own vocabulary was so complete that it became irrelevant where one left off and the other began.

In the Hamburg theater's house publication, Neumeier says that he wanted to do the work in German, but that it became obvious that Americans were needed in the main roles, so it became a production in *englischer Sprache*. There was enough laughter in the right places to suggest that this was not a crippling handicap, and the program carried a full German translation of the book.

Seven Americans

The stage company was made up of seven Americans, most of them with both operatic and musical-comedy experience, in principal roles, and actors from Hamburg's Thalia Theater in spoken parts (an accent is not amiss in the streets of New York). The bulk of the troupe, however, came from Neumeier's Hamburg Ballet, an ethnically heterogeneous group. They got a month of vocal training and other preparation, and absorbed the style to perfection, some of them in featured parts.

Lawrence Foster, an American of wide concern and opera experience on both sides of the Atlantic, was the conductor, and he got playing of enormous vigor and idiomatic security from the Hamburg company's own orchestra.

Jon Garrison, who has sung lyric tenor roles at the New York Metropolitan, and Deborah Sasson, who also has experience in musicals and opera, were the vocally and physically appealing Tony and Maria. Gillian Scallan was a lively Anita. Terry Eno (Riff), Michael Licata (Bernardo), Daniel Cass (A-rab) and Bernardo Hiller (Action) completed the American delegation.

Among the Hamburg dancers, Lynne Charles was the tomboyish Anybody's, Kevin Haigen was Baby John and Roy Wierzebecki was Diesel, and they seemed perfectly at home in their duties. Discreet amplification helped the dialogue to carry in the big house without disturbing vocal balance, and except for some lost words in the "Gee, Officer Krupke" number, the lyrics came through clearly.

Six more performances are scheduled in the Hamburg repertoire this month and next, but the Hamburg State Opera has a hit on its hands — to judge from the enthusiasm of Sunday's first-night audience — and the company has made "West Side Story" its own. So, despite obvious reliance on American guests, future revivals look like a solid bet.

The Paris Stage

Sacha Guitry Play
Is Popular Revival

By Thomas Quinn Curtiss

PARIS, Dec. 14 (IHT) — "Mon Pere Avait Raison" — at the Theatre des Arts — is the most popular play in town. Perhaps the sentence, "The biggest hit in Paris is by Sacha Guitry" should be kept permanently in print, as it has been the fact of almost every Parisian season since he first put pen to paper in 1905.

Following his death in 1957, there were dire predictions about the future of his work. He usually wrote the predominant roles for himself and played them in his inimitable manner, so a Guitry comedy without Guitry was set down as an impossibility. These moanings were idle. Recent seasons have seen successful revivals of "N'Ecoulez-pas, Mesdames!" "Jean de la Fontaine" and "Faisons Un Reve," and two of his curtain-raisers are in the repertoire of the Comedie Francaise. Those who never had the privilege of seeing him in person relish what he wrote, and his immortality appears assured.

"Mon Pere Avait Raison" has a curious history. In his salad days Guitry was a member of his famous father's acting company. One night he missed a performance, and Lucien Guitry disowned his son for the next 15 years. "I was born with a distinguished last name, but I was obliged to make my given name known," Guitry once said.

Reunion

He rose quickly as the star of his own plays. In the middle of one long run the house manager came to him with the news that his father was in the audience. The old actor came to the dressing room and forgave his wayward child. The son celebrated the reunion by writing a play for the father. It remains Guitry's finest play — a biographical drama of Paster's career and it proved the elder Guitry's most rewarding modern role. When the Paster family heard of it they threatened to take action for its suppression. The two Guitrys read it to the scientist's children and they, moved, withdrew the objection.

Guitry then wrote "Mon Pere Avait Raison" so that he could act again with papa. It is not the story of their break and reconciliation, but a more general presentation of the generation gap and its bridging. It moves from the childhood of a



Sacha Guitry

lonely, wistful little boy in 1899 whose mother deserts his father to his manhood 20 years later, when experience has brought father and son to a close, sympathetic comprehension of one another. It is a charming light comedy with a dash of the bitters of pathos to lend it unique flavor.

As It Should Be

At the Theatre des Arts it is as it should be. Framed in an impeccable production, it has an easy flexibility and grace. Unlike so many revived favorites of yesterday it betrays no arthritic symptoms. Fresh and frisky, the sparkle of its dialogue is matched by some sparkling acting.

Paul Meurisse, undertaking a double assignment, provides two consummate characterizations, both droll and winning, a feat that attests his amazing dexterity. Mony Dalmes, long of the Comedie-Francaise, etches with caricaturing humor the runaway wife who imperiously returns after two decades. Jean Barney, also doubling, is a skillful *jeune premier*, while Alexandre Sterling contributes a touching bit as the worried child.

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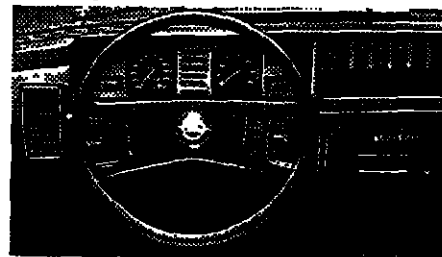
The most recent tribute to the validity of its basic design concept comes from the international jury of automotive experts who have voted Senator CD the "Golden Steering

Wheel 1978" award in the luxury car class.

The Senator is a product of the dictates of functionalism. Function was the principle underlying the Senator's entire development, and it has led to a new era of comfort and excellent performance. The Senator's lines were determined by the wind tunnel. Its sleek nose pierces the air with none of the battering ram turbulence associated with some other luxury cars. Its aerodynamically sound, uncluttered shape results in a superior level of efficient performance and alert response.

The Senator's sleek appearance and highly maneuverable exterior

dimensions may leave you unprepared for its lavish interior space. Again, this is the result of applied functionalism. You will feel at home in the Senator from the moment you get behind the wheel. All controls are located exactly where you always felt they should be.



Interacting with the Senator's free revving, high performance 6-cylinder engines is a totally new suspension system based on McPherson struts in front and a fully independent design at the rear. The Senator combines extreme high speed capabilities with precise, safe, neutral handling. At last, superior performance and true luxury can be found in one automobile.

The new Senator represents a new concept in what a luxury car should be. For a most enlightening and exciting experience, you can arrange for a test drive at one of the many Opel dealers throughout Europe.



SENATOR 
ADAM OPEL Aktiengesellschaft

*All illustrations feature Senator CD

[illegible]

about the durability of the 1978 recovery. The direct benefits of North Sea oil for Scotland are probably at or past their peak, and it is now more important than ever that the indirect benefits to the balance of payments and to Government finance are used judiciously.

THE YEAR'S OPERATIONS

The 5 per cent. increase in pre-tax profit for the year to 30th September 1978 has been achieved against a background of lower average interest rates coupled with a somewhat greater demand for advances. Average base rate for the year was 7.87 per cent. compared with 10.71 per cent. in the previous year, whilst the average margin between base rate and retail deposit rate narrowed to 3.23 per cent. from 3.81 per cent. Our sterling deposits increased on average by 16 per cent. compared with the previous twelve months, whilst our average sterling advances rose by 11 per cent. The sterling equivalents of average foreign currency deposits and advances showed increases of 9 per cent. and 5 per cent. respectively. These increases were somewhat smaller than the actual increases in terms of foreign currency as a result of changes in average exchange rates, in particular the strengthening of sterling against the US dollar.

BANKING DEVELOPMENTS

The banking industry is now more subject to Government intervention than ever before. In the field of monetary control the supplementary special deposit scheme is inhibiting competition among banks and encouraging the use of less efficient channels for finance outside the banking system. We hope that this device will prove to be no more than a temporary expedient. The Price Commission's recent Report on bank charges confirmed that these are not excessive and that in most respects our money transmission services compare favourably with those abroad. The Clearing Banks are currently considering the Commission's suggestion that we should disclose our general provisions against bad and doubtful debts. The Banking Bill foreshadows major changes in the supervision of all deposit-taking institutions. We welcome the role that the Bank of England is to play, but feel that it is inappropriate for the Clearers to subscribe to the proposed Deposit Protection Fund, as our deposits are not at risk under present arrangements.

A prodigious amount of time and effort has been devoted to producing the evidence and information required of us, including detailed submissions to the Wilson Committee by the London and Scottish Clearers. I look forward to the time when our hard-working staff can settle down again and give their undivided attention to our customers.

THE FUTURE

Despite the problems faced by the UK economy, it remains almost certain that the demand for wider and better banking services will increase. Our Group is well placed to provide these services competitively and to play an expanding role in a growing domestic market. Abroad, in the past year we have made small but useful advances in actively developing our presence. In short the Group is set on a course of continuing development in the UK and overseas.

The record of the UK economy was mixed in our latest financial year, but on balance there was a welcome improvement, most conspicuously in the rate of inflation. There was also a marked recovery in consumer and investment demand. But domestic industrial output was slow to respond, imports of manufactured goods rose rapidly and the balance of payments weakened after the second half of 1977, despite the increasing contribution of North Sea oil. In the short term there are two notes of caution worth sounding: demand for finance by industry and commerce may at some stage bring the banks uncomfortably close to the limits prescribed by the recently reactivated supplementary special deposit scheme; and current and prospective wage demands could well threaten our hard-won reduction in inflation. In the longer term, economic recovery must depend on a marked improvement in our productivity. To stand a chance of success it is vital to reduce taxation, strengthen the often tenuous link between effort and reward and secure a wider recognition of the necessity for greater profitability.

Movements in the Scottish economy have broadly paralleled those in the UK as a whole, and there must likewise be doubts

	1978	1977
Group profit before taxation	£67,385,000	£64,095,000
Profit attributable to ordinary shareholders	£32,645,000	£27,329,000
Earnings per 25p ordinary share	14.2p	13.4p
Dividend per 25p ordinary share	2.94p	2.6329p
Deposits and customers' current accounts (including notes in circulation)	£3,975,965,000	£3,455,933,000
Total assets	£4,439,045,000	£3,882,571,000

National and Commercial Banking Group
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[illegible]

ADVERTISEMENT

COMPANY	INDUS.	1978 HIGH-LOW	CLOS. PRICE Dec. 14	HIGH-LOW MON.-WED.	P/E	YIELD (%)	EARN. PER SH.— 75, 76, '77	SHRS. OUTS. (000)	LATEST COMPANY NEWS
AQUITAINE.....	Petrol	593 - 300	530	557 - 531	7	3.3	83.00- 55.62- 82.00	14,774	Capital increase one free share for 5 old ones, valid as of Jan. 1, 1978.
BOUYGUES.....	Construct.	930 - 322.10	805	828 - 795	10	3.4	25.92- 30.34- 83.50c	400	Group 3rd quarter '78 turnover (ex. taxes) = 987.09 MF vs. 805 MF (+22.6%).
BSN GERVAIS DANONE	Glass food	690 - 311.60	554	570 - 561	28	4.9	24.39- 20.12c- 20.10c	2,332	As of Sept. 30, group consol. turnover = 10,790 MF vs. 9,618 MF (+12.3%).
CHARGEURS REUNIS	Shipping Air transp.	214.90- 125	187	189.90- 186.80	12	6.3	16.41- 13.34- 15.60	1,866	Subs. UTA 9 months '78 sales = 2,088 MF (+17.7% vs. 9 months '77).
CHEMIEQUE ROUTIERE	Public works	134.20- 80	126	127 - 125.10	9	6.3	18.02- 24.40c- 14.30c	1,672	Activity up abroad (Africa, Ind and Far East) and 1977 losses further processing.
CREDIT COM. DE FRANCE	Bank	144.20- 98.10	127	131 - 128	10	6.3	15.85- 14.08c- 13.30	5,768	CCF held manager of 1st convention in euros \$150k. credit for Brazil pending.
CREDIT INDUSTRI. & COMM.	Bank	129 - 74	124	125 - 123.30	14	5.6	10.84- 8.74 - 9.00	4,528	New SICAV in French territories FRANDCO is being offered by CIE group as of Sept. 25.
CREUSOT-LOIRE	Heavy Ind.	103.30- 48.60	59.10	65.40- 60	—	—	9.62- 6.56c- —	3,684	Company's 1st 9 months '78 turnover (ex. taxes) = 4,298 MF (+3.3% vs. '77).
EURAFRANCE.....	Holding	370 - 142	355	341 - 337.50	5	3.3	35.50c- 54.30c- 69.50c	2,193	'77-78 net operating income p. sh. = 20.4% vs. 15.1% '76. 13% vs. 11.7%.
FERODO S.A.F.....	Equip. Autom.	550 - 326	461	464.50- 461	12	4.5	29.27- 73.01c- 38.20	1,574	Ferodo acquires Some Europe Transmissions (Scot-Banque).
IMETAL.....	Mining	73.05- 45.80	52	56.10- 55	5	7.3	2.44- 21.51c- 10.22	7,944	Copperweld (USA) 1st sem. '78 turnover = \$212.8 MLE vs. \$171.2 MLE in '77 (+24%).
MOET-HENNESSY	Beverage	614 - 312.10	562	576 - 566	27	1.5	53.17- 127.1c- 20.80c	3,158	First 9 months consolidated turnover (ex. taxes) = 1,293 MF (+26% vs. '77).
NORD (Compagnie des)	Holding	38.50- 15	26	26 - 26	—	5.8	0.29- 1.72 - —2.15	13,284	Banque Rothschild-Cie. du Nord merger to be submitted to December 19 meeting.
PECHINEY-UG. KUHLMANN	Chem. min.	110 - 63	71.20	75.40- 72.90	13	7.8	6.30- 6.00c- 5.60	25,491	1st 9 months '78 consol. turnover = 20,939 MF (+3.0%) of which 52.5% from overseas.
PSA PEUGEOT-CITROEN	Holding	535 - 241.10	486.50	498.50- 493	4	2.4	42.79- 132.77- 134.45c	9,862	1978 Peugeot car sales up some 10% (more than 550,000 vehicles).
RAFFINAGE (Cie. Fr.)	Petrol.	98 - 51.20	79.10	80.20- 79.50	—	7.6	— - - - -	5,430	1978 first semester turnover = 9,176.13 MF vs. 9,278.59 MF (+1.1%).
REJOUTE.....	Mail order	690 - 451	561	579 - 573	12	3.2	45.57- 47.80c- 48.00c	926	1st 9 months '78 group consol. turnover = 2,445 MF vs. 2,077 MF (+17.7%).
RHONE-POULINC.....	Chemicals	124.90- 47.60	119	122.90- 121	27	5.0	5.83- 6.34 - 4.40c	18,941	1st. semester 1978 consol. turnover = 13,164 MF vs. 12,284 MF in 1977 (+6.8%).
ROBECO.....	Invest. Comp.	384 - 337.40	343	353.40- 343.10	—	10.6	(not relevant)	75,300	Rolisco assembly sells 5% share of subsidiary (77-78) as of December 2.
SKIS ROSSIGNOL	Ski manuf.	1900 - 1339	1900	1900 - 1895	27	1.2	75.76- 87.48 - 70.00c	310	1st sem. '78-79 group consol. turnover = 363.77 MF vs. 314.27 MF (+15.7%).

Output Up Now

OPEC Agreed on Cutback To Avoid Glut, Aide Says

By John McCarney

ABU DHABI, Dec. 14 (AP-DJ) — Members of the Organization of Petroleum Exporting Countries made a non-binding six-month agreement last June to cut back petroleum production to eliminate a glut of oil supplies on world markets, Qatar's oil minister Sheikh Abdul Aziz Bin Khalifa al-Thani said today.

Members decided to allow exports to be called into individual nations to study their markets to determine what output reductions would be made, the minister said.

Following the Geneva meeting, Qatar did trim its production by an unspecified percentage, the minister said. The petroleum surplus in the world was about 2 to 3 million barrels a day. The glut has disappeared.

Britain Posts

Trade Deficit

For November

LONDON, Dec. 14 (AP-DJ) — Britain posted a visible trade deficit of £192 million, seasonally adjusted, in November compared with a £197-million surplus in October and a £68-million surplus a year earlier, the Department of Trade said today.

On current account, there was a deficit of £72 million against a surplus of £17 million in October and a £170-million surplus in November 1977.

Oil trade registered a net deficit of £167 million compared with a surplus of £131 million a month earlier. British oil exports totaled £3,052 million last month versus £3,098 billion in October and £2,668 billion a year earlier.

Overall export volume fell by 2.5 percent in November. Imports amounted to £3,244 billion compared with £3,001 billion a month earlier and £2,600 billion a year earlier. Import volume rose 7.5 percent from October.

rench Output Flat

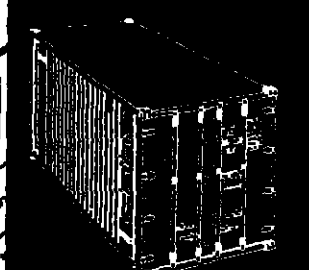
PARIS, Dec. 14 (AP-DJ) — The French index of industrial production, seasonally adjusted and excluding the construction industry, was unchanged in October from September at 128, the statistics institute said today. October's index, at 100 equals 1970, was 4.9 percent above that of October 1977.

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since then, although the accord on cutbacks was not responsible for the tightening of the market.

Instead, a strong gain in demand for lighter, easier-to-refine grades of crude oil was a principal reason for the elimination of the surplus. The increased demand followed a decision by Saudi Arabia in February to limit lifting of its lighter grades to 65 percent of total production. The glut has also evaporated because of hedge-buying by oil companies in anticipation of an OPEC price hike and supply interruptions in Iran.

Total world demand for petroleum has risen sufficiently since June so that most OPEC members, except Iran, have actually been able to hike their output while the glut has disappeared. Further negotiations over output cutbacks are not on the agenda of Saturday's OPEC conference, Sheikh al-Thani said.

Jakarta Asks 10% Rise

JAKARTA, Dec. 14 (Reuters) — Indonesia wants a direct 10-percent increase in the price of crude oil to be agreed at the OPEC pricing conference this Saturday in Abu Dhabi, mining minister Subroto said today. Talking to reporters, he said a 10-percent increase for crude would bring Indonesia an additional \$730 million worth of foreign exchange per year. Indonesia's production stands at 1.6 million barrels per day at present.

Algerian oil minister Ahmed Ghazali is also quoted today as saying that recent suggestions for an oil price boost of between 5 and 10 percent are "absurdly low." In an interview with the Algerian news agency, Algerie Presse Service, he said he refused "to play the sterile game of percentages," adding that Algeria will not depart from its 3 fundamental principles — responsibility, solidarity and unity.

Excess Liquidity Target of Moves By Bundesbank

FRANKFURT, Dec. 14 (AP-DJ) — The Bundesbank's Central Bank Council decided today to cut credit institutions' rediscount contingent — the funds banks can obtain from the West German central bank at the discount rate for trade bills — by 5 billion Deutsche marks effective Jan. 1. It also set a money-supply growth goal for 1979 of 6-to-9 percent, the first time it has not targeted a specific numerical growth goal.

Bundesbank President Ottmar Emminger said the cuts in the rediscount contingent from about 27 billion DM to 22 billion DM would help reduce excess liquidity primarily caused by foreign-exchange market intervention. He also said the Bundesbank expects that the central bank money supply would show a growth of 11.5 percent in 1978 from the previous year compared with the 8-percent official target.

Mr. Emminger said the adoption of the ban spread as the money supply goal was more realistic than choosing a single numeral. He said both measures adopted today would enable the central bank to keep within its goal.

He added that the decisions will show that "membership in the European Monetary System will in no way influence the stabilization policies of the Deutsche Bundesbank."

IMF Members Vote

To Lift Resources

WASHINGTON, Dec. 14 (AP-DJ) — The International Monetary Fund announced yesterday that member countries formally have approved plans to increase the IMF's regular financial resources to about \$75 billion and to begin allocating IMF special drawing rights (SDRs) on Jan. 1, 1979.

The IMF will allocate the equivalent of about \$5 billion in SDRs to member countries, at the beginning of 1979 and will repeat this process with two additional \$5-billion allocations on Jan. 1, 1980 and Jan. 1, 1981.

Amherst Group in Accord With China

The Amherst group of companies says it has reached agreement with China on an electronic as-

Economic News Analysis

Battle of the [1980 U.S. Budget] Bulge

By Leonard Silk

NEW YORK, Dec. 14 (NYT) — The interminable battle in Congress over President Carter's proposed inflationary budget for the 1980 fiscal year has undoubted political importance in disclosing the split within the party between the conservative and the liberal wings. But the economic significance of the battle of the budget in the war against inflation during the coming year is slight.

For one thing, under the new congressional budgetary process, the budget for the 1980 fiscal year will not take effect until next October when the calendar year is three-quarters over. And, whatever the final shape of the fiscal 1980 budget, there will be a time lag of some duration, probably a few months, before its impact on the economy as a whole is felt.

Stimulative Budget

In the coming year, it is the budget for the 1979 fiscal year that will matter — and that budget will be stimulative rather than counterinflationary. A forthcoming analysis of the impact of the federal budget on the economy by Michael Levy, director of economic policy research of the Conference Board, shows that the economy will receive a greater fiscal thrust in 1979 than it did in 1978.

In fiscal 1979, the combined thrust of higher spending and lower taxes will be \$14.3 billion, compared with \$6.5 billion in the 1978 fiscal year. The extra

thrust next year will be a little smaller than those dollar figures imply, because the economy will also be bigger as measured in current dollars.

Even so, where the budgetary stimulus in the fiscal year that ended Sept. 30 averaged 0.31 percent of the gross national product, Mr. Levy estimates that the thrust in the coming year will average 0.63 percent of GNP, twice as much as last year.

Pressure on Interest Rates

This relatively stimulative fiscal policy will continue to put a heavier burden on monetary policy in resisting inflation, with the likelihood of early next year of continued pressure on interest rates — at least until the economy flattens out or declines.

The fiscal thrust will be greatest in the first quarter of 1979 when it will amount to \$23.4 billion, or 1.04 percent of GNP at an annual rate. The extra stimulus in the first quarter will result from a \$7.7-billion increase in expenditures and a \$15.7-billion reduction in tax revenues — the result of the tax cut enacted by Congress this year and signed by the president.

Can Mr. Carter deliver on his commitment to reduce the fiscal 1980 budget deficit to \$30 billion from an estimated deficit in the 1979 fiscal year of \$40 billion? It will be tough. And not only will it take political skill in resisting the liberal critics who in his own party who want to restore budget cuts on social programs but also it will require

some good luck in the growth of the economy.

A recession would mean a shortfall in tax receipts as well as a bulge in federal spending. Greater inflation in the coming year than the administration is forecasting would also lift government spending because inflation raises the cost-of-living escalator built into Social Security, food stamps and many other social programs. At the same time, slower real growth or a recession would raise unemployment, accelerate early retirement and touch off spending on income-support and job programs.

Difficult to Produce

Otto Eckstein, president of Data Resources Inc. and a former member of President Kennedy's Council of Economic Advisers, is predicting that it will be difficult for the president to produce a budget deficit of only \$30 billion in the 1980 fiscal year. Data Resources is estimating that the expenditure figure will be \$12 billion higher than the administration now expects and that tax revenues will be \$1.4 billion lower, resulting in a deficit of \$43.31 billion instead of \$30 billion.

A confrontation already has started in Congress. It seems likely to continue — and probably intensify — as the economy slows down in the coming year. Indeed, there is a danger that by 1980 the administration will be pursuing an outdated fiscal policy, with unemployment again perceived as the No. 1 problem.

Bank of England Data Indicates

U.S. Banks Losing Place in Euromart

LONDON, Dec. 14 (AP-DJ) — U.S. banks are losing their dominance in Eurocurrency lending even though the market is expanding rapidly without the aid of oil-state investment, data published today by the Bank of England indicates.

Data in the central bank's bulletin for the third quarter suggest that a structural shift in the \$700-billion Eurocurrency market is underway. Recycling of surplus funds from the oil-producing states has become considerably less important. The involvement of U.S. banks is also becoming less important in the channeling of funds. And probably banks with headquarters in the surplus countries such as Japan, West Germany and Switzerland have taken over as the main intermediaries for the allocation of international credit.

Although the statistics cover mainly the London Eurocurrency market and do not cover a long enough period to make a definite assessment, it seems likely that the Eurocurrency market is becoming more of a clearinghouse for borrowing and lending in foreign currencies, may be steering a course that is much more independent of any national monetary policy, including that of the United States.

Offsets Policies

If so, attempts to tighten credit availability such as the United States or any other country may well be offset by plentiful credit in the Euromarket, analysts say.

Data show that foreign currency lending by banks in London expanded by \$20.9 billion in the three months ended Aug. 16, bringing the total lending, excluding unidentified foreign currency claims of about \$15.7 billion, to \$255.7 billion at the end of the period.

The share of the U.S. banks in London of the \$20.9-billion increase came to about \$5 billion or 24 percent. In the past, the share of U.S. banks in international lending from London has ranged around 50 percent. British banks in London increased their lending by \$3.62 billion while Japanese banks in London raised their lending by \$3.13 billion. However, the largest increase in lending was accounted for by "other overseas banks," which includes the West German and Swiss banks. The increase in lending in this category came to \$7.75 billion or 37 percent of the \$20.9-billion total increase.

Bank of England data show that on a net basis, the OPEC oil states withdrew \$1.9 billion from the London Eurocurrency market in the second quarter and also withdrew \$1.2 billion from the United States.

Statistics on deployment of oil-state funds were not available for the third quarter, but the Bank of England said that OPEC investment abroad was "modest" and that "disinvestment" in the United States continued.

The Bank of England also estimated that medium-term Eurocurrency bank loans for the international banking system as a whole rose by \$17.25 billion compared with \$14.75 billion for the second quarter. This brought the total for the first nine months to \$44.25 billion, \$7.5 billion more than recorded in all of 1977, the bank said.

U. S.

Gulf & Western

Revenue..... 1,204.23 1,012.34

Profits..... 60.39 39.10

Per share..... 1.19 0.76

(Figures in U.S. dollars)

Britain's M-3 Rises

LONDON, Dec. 14 (AP-DJ) — Britain's broadly defined money supply, starting M-3, rose by £100 million, 0.2 percent, seasonally adjusted in the month to Nov. 15, the Bank of England said today.

The narrowly defined M-1 fell by £50 million, or 0.2 percent, seasonally adjusted, making a net rise of just under 3 percent during the latest three-month period.

Company Reports

Revenue, Profits in Millions

Britain

Associated Engineering

Revenue..... 324 286.5

Profits..... 29.4 32.5

Per share..... 15.7 19.4

Bass Charrington

Revenue..... 1,014 904.5

Profits..... 79.9 62.8

Per share..... 6.1 4.842506

Distillers

Revenue..... 444.4 400.8

Profits..... 57.9 53.3

Per share..... 15.94 14.66

ICL

Revenue..... 509.4 418.7

Profits..... 37.5 30.3

Per share..... 8.29125 7.425

(Figures in Sterling)

Japan

Toray Industries

Revenue..... 204,473 205,566

Profits..... 3,155 702

Per share..... 2.5 2.5

(Figures in Yen)

FINANCIAL NEWS AND NOTES

AMC Cuts Prices on Subcompacts

American Motors says it is cutting prices by up to \$284 on its Spirit subcompact cars effective immediately. The automaker said it is reducing suggested retail prices on all of its Spirit models by \$200.

Ford Sees Drop in U.S. Car Sales

Ford Motor chairman Henry Ford 2d predicts U.S. industry car sales will decline to 10.8 million units in 1979 from 11.3 million this year. He said next year's truck sales would be about four million units against a record 4.1 million in 1978. He says he is basing his 1979 forecasts on no production interruption next autumn, when a new labor agreement must be negotiated with the United Auto Workers. He says he expects imported cars to account for 16.9 percent of U.S. sales next year, down from 17.5 percent in 1978 and 18.4 percent in 1977.

Amherst Group in Accord With China

The Amherst group of companies says it has reached agreement with China on an electronic as-

istance plan and a hotel building project. President Abe Lieber says the electronic plan is to provide "the design, the technology for the development and manufacture of complete facilities to produce electronic components, equipments and systems." He says the hotel project calls for constructing, designing and financing five 200-room hotels in major Chinese cities and one 200-room hotel in Lhasa, Tibet. He declined to set a value on the projects.

Hitachi, GEC of Britain in Deal

Hitachi, Japan's leading electronic equipment maker, says it will start a joint venture with the General Electric Co. of Britain to produce color-television sets. GEC-Hitachi Television Ltd. will start operation Jan. 1 at three locations in Britain — Hirwaun, Kidsgrove and Slough, near London. Shinichi Kobayashi, director of Hitachi's home appliances division, says GEC-Hitachi will be headed by Lord Nelson of Stafford, who is currently chairman of GEC, which is not affiliated with General Electric of the U.S.

U.S. Vows to Stick to Austerity

By Hobart Rowen

WASHINGTON, Dec. 14 (WP) — The Carter administration today reiterated in blunt language a pledge to stick with an austere economic policy "as long as necessary to control inflation" and protect the value of the dollar.

In testimony before a joint economic subcommittee on international affairs defending the Nov. 1 "dollar-rescue" program, Treasury Secretary Michael Blumenthal and Economic Council chairman Charles Schultz admitted that the measures adopted risked a domestic recession next year.

While they both rejected forecasts by many private economists of an actual recession, the thrust of their testimony was that the primary target of current economic policy is to reduce inflation, not to guarantee against recession.

They did not deny that the economy in 1979 would enter a period of slow economic growth, with gross national product increasing by only 2 to 3 percent. But they flatly denied that there would be two consecutive quarters of negative economic growth, the generally accepted definition of recession.

In response to one question raised by subcommittee chairman Henry Reuss, D-Wis., which suggested that dollar intervention might actually push the dollar too high, thus making U.S. exports less competitive, Mr. Blumenthal snapped:

"There are those who feel that continuing decline in the dollar is good for trade. This is a dangerous misconception. The United States does not need to pursue dollar depreciation to buy market position."

The administration firmly rejects such tactics.

As for Rep. Reuss' suggestion that the dollar's role as the key currency of the international system be reduced, Mr. Blumenthal said that over time the role of the dollar might evolve and change.

A crumb of comfort for Rep. Reuss was Mr. Blumenthal's assurance that the administration does not object to "an orderly evolution" of the international monetary system. "We are not stonewalling," he said, "but for a long time, the dollar will have to play a central role."

Rep. Reuss had suggested a "substitution account" in the International Monetary Fund, where those holding unwanted dollars could exchange them for Special Drawing Rights. But Mr. Blumenthal was cool to the idea, rejecting the underlying justification that a huge "dollar overhang" abroad weakens the U.S. currency.

Mr. Blumenthal recounted today that in the 13 months prior to Nov. 1, the dollar had fallen 38 percent

Aides Reject '79 Recession

against the Swiss franc, 34 percent against the yen and 26 percent against the Deutsche mark. Since then it has recovered about one-third of its losses against these three key currencies.

This trend toward restored confidence should not be dissipated by a back-tracking of the administration's resolution to unwind inflation, Mr. Blumenthal said.

Mr. Blumenthal defended the rescue program against Rep. Reuss' charge that it risked recession through an unjustifiably tough monetary policy.

Without the rescue program, Mr. Blumenthal said, doubts here and abroad about "the determination of this administration to stop inflation" would have increased, plunging the world into an economic crisis of unmanageable proportions.

General Dynamics gained 1 1/4 to 78 1/2, McDonnell Douglas 1/4 to 33 3/4 and Lockheed 1/4 to 20 1/4.

United Technologies said a federal judge in Nashville dismissed a suit filed by the attorney general of Tennessee seeking to block United's tender offer for Carrier Corp.

The attorney general began action earlier this month on grounds that the proposed takeover would violate state antitrust laws. United tackled on 1/4 to 38 1/4 and Carrier gained 1/4 to 23 1/4.

Colgate-Palmolive said directors voted to raise the quarterly dividend to 27 cents from 25 cents a share, payable Feb. 15, record Jan. 25.

The Civil Aeronautics Board, vacating a previous order, will allow Tiger International to purchase up to 25 percent of Seaboard World Airlines.

The Canadian government said it would permit a proposed merger between Simpsons Ltd. and Simpsons-Sears Ltd. The merger proposal was subject to government approval under the foreign investment review act.

Prices on the American Stock Exchange fell, with the market-value index off 0.02 point to 150.21.

Also indicted were six officers of the two firms who were also accused of mail and wire fraud charges.

Kyp Ewing, acting assistant U.S. attorney general in charge of the antitrust division, said the indictment alleged the defendants conspired to allocate among themselves certain contracts for marine construction services and to submit rigged bids during a period from 1960 through 1975.

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Actual Aerial Photo



The Sovereign

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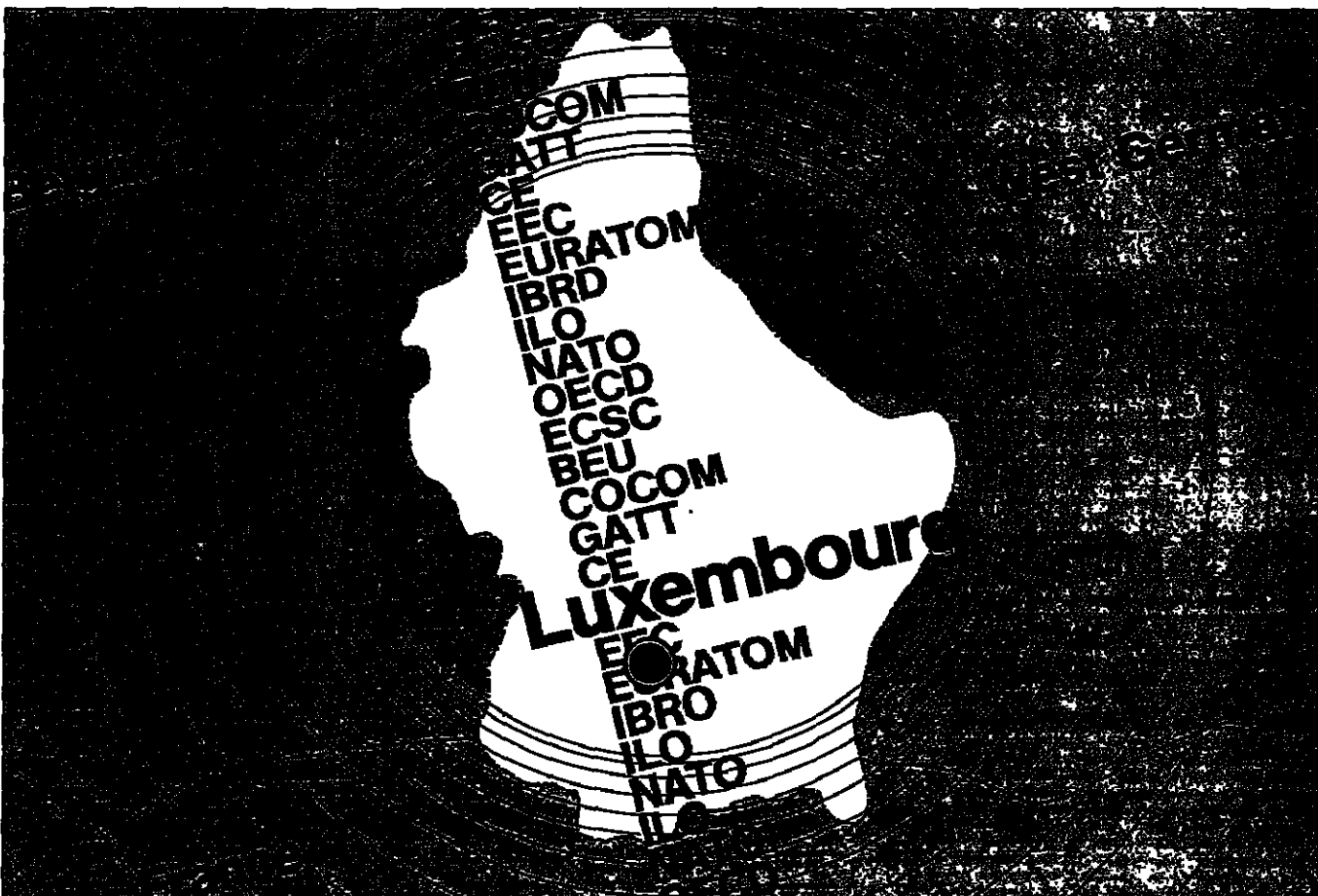
سید الشہداء

**The Taiyo Kobe Bank (Luxembourg) S.A. is open for business
as of December 15, 1978
at Central Parc, 33, Boulevard du Prince Henri,
Luxembourg, Grand-Duché de Luxembourg**

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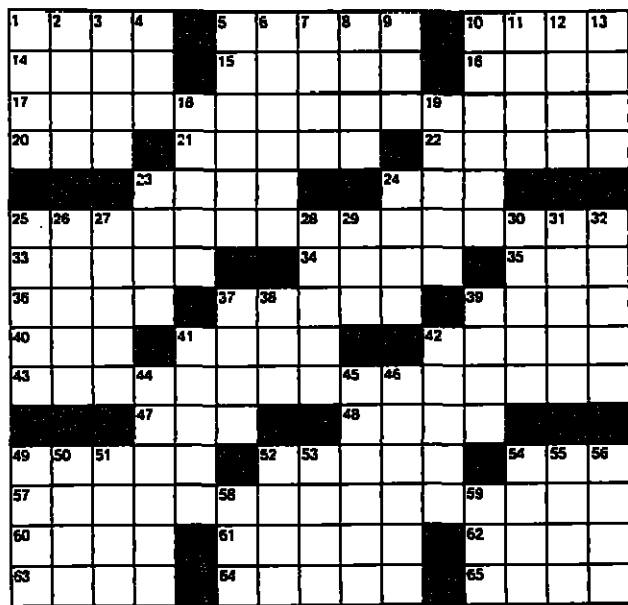
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CROSSWORD

By Eugene T. Maleska



ACROSS

- 1 43,560 sq. ft.
5 Papal seal
10 Portent
14 Type of camp
15 Type of skin
16 Summit
17 Pipeline, at times
20 Golf mound
21 Author's employee
22 "The defense"
23 J.F.K. was one
24 Tippet's cousin
25 Quarries in tales of pirates
33 Mountain climber's challenge
34 Towel word
35 Napoleon, for short
36 Dog followers
37 Gleamed
38 Spotted rodent
40 George
41 Skidded
42 Broadcast
43 Howard Carter's discovery, 1922
47 Yellow journal
48 Responsibility
49 Olivier or Gielgud
52 Burdened

DOWN

- 54 Unworthy coin
57 Predicaments in ghost stories
60 Roue
61 "I like... no fool"
62 Wedding pellets
63 Cain-slain shepherd
64 Labyrinth
65 Logger's travois
1 Adjoin
2 Ice-cream holder
3 Took the bus
4 Paris season
5 "down (in a rut)"
6 Disquiet
7 Cowardly creature in Oz
8 Bumpkin or jumpkin
9 Arbor
10 Canadian's flat-bottomed boat
11 Major work
12 I.O.U.
13 Wyes
14 Predecessors
15 Peep show
16 Metal waste
17 Sumps
18 In one's "birthday suit"

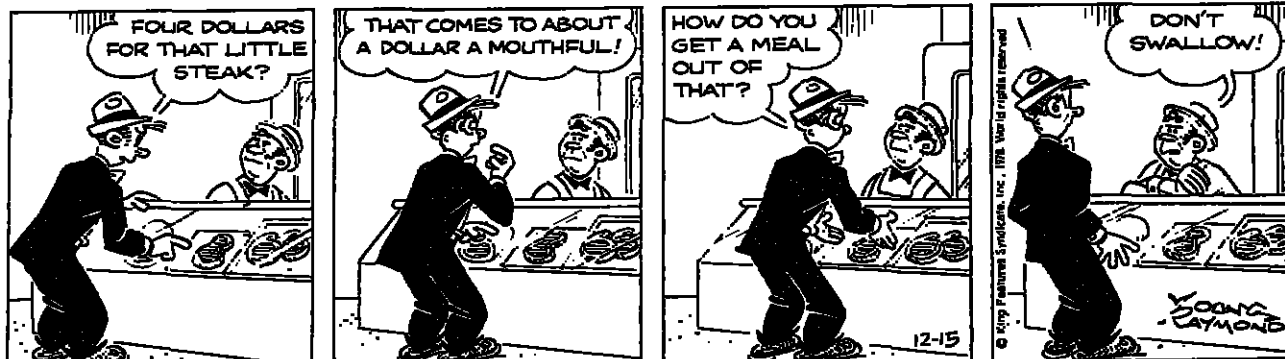
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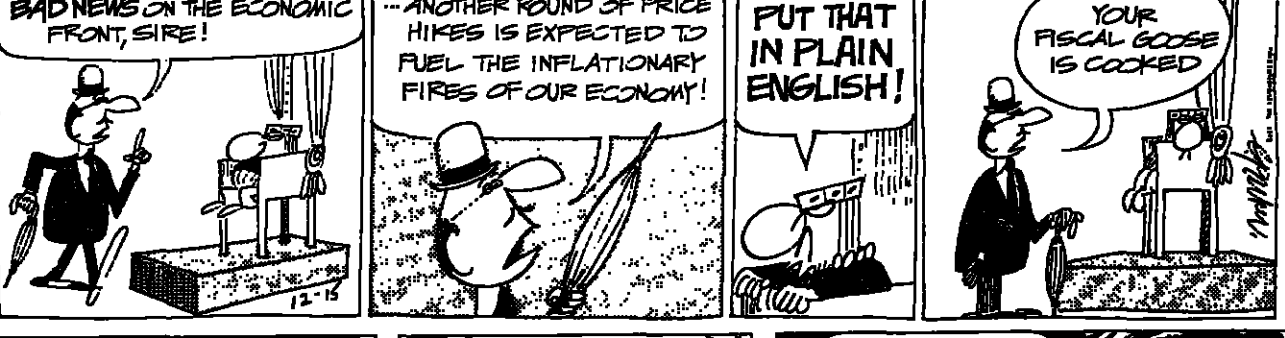
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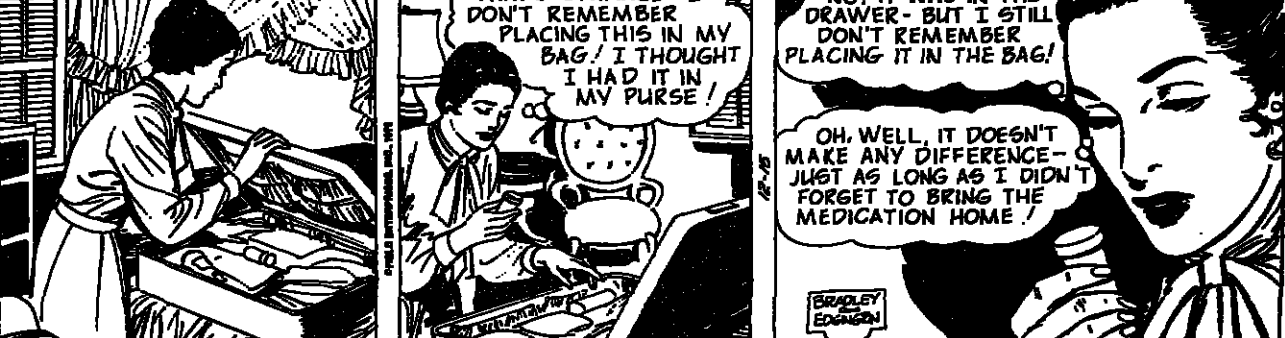
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WIZARD OF ID



REX MORGAN



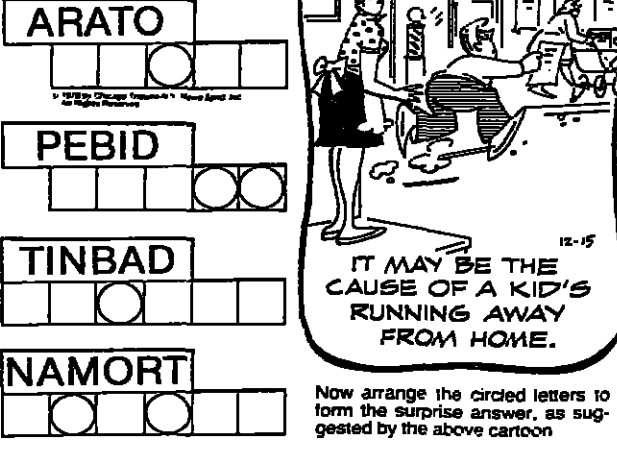
RIP KIRBY



JUMBLE

THAT SCRAMBLED WORD GAME by Henn Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.



Print answer here: AN (Answers tomorrow)

Yesterday's Jumbles: BAKED ADAPT WEDGED GARISH

Answer: What "changed" when the snow melted? — "THAW"

Imprimé par P.I.O. - I. Bd. Ney Paris 75018

DENNIS THE MENACE



BOOKS

A SEASON OF YOUTH

The American Revolution and Historical Imagination

By Michael Kammen. Knopf. Illustrated. 384 pp. \$15.

Reviewed by John Leonard

IT WAS, of course, inevitable. Alexis de Tocqueville who said it first and said it best: "Revolution is like love affairs, change your past." In a way, the whole of Michael Kammen's "A Season of Youth" is a gloss on that observation.

Readers of Kammen's Pulitzer Prize-winning "People of Paradox" (1972) know he can be counted on for many incidental pleasures. For one thing, he writes exceedingly well, a gift that does not come automatically with the franchise of American historiography.

For another, he has a restless mind; up there at Cornell University it is always turning over ironies and grave markers. For a third, he bristles; he is looking for a fight, which makes for lively narrative.

Thus, despite a fit of exclamation marks in its early pages, "A Season of Youth" moves with a well-bred rush through its evidence on to its conclusion, without a dull moment. When Kammen does interrupt himself, the digressions are worth it. He will pause, for example, to describe our shift in the 19th century from Anglophobia to Anglophilia, or to explain the appeal of a James Madison to political theorists after World War II (interest-group analysis, the role of public opinion, modern pluralism). Or he will just stop to say that he "likes" a copy about what he is reporting. The approach is pleasantly conversational rather than hermetic.

Attention to Popular Culture

But what of the thesis? We are told: "Just as anthropologists, like Levi-Strauss, have been reaching out for closer collaboration with linguists, so, too, in my opinion, historians of social thought must pay closer attention to the imaginative use of language in popular culture." Kammen proposes to locate the "place" of the American Revolution in popular culture — the mass imagination, I suppose — by reviewing our art, poetry, theater and, especially, fiction or "historical romance." Movies get a page and a half. Music gets a couple of paragraphs on Charles Ives.

Immediately there are problems. Most of our important artists and writers seceded from the popular imagination; the leftover, marketplace culture is dreary indeed. Kammen concedes that among the poems addressing themselves to the Revolution, perhaps only the "The Centennial Hymn" by Whittier "can be read today without embarrassment."

As for the novels he looks at, their "impact," admittedly, "has tended to be synchronic rather than diachronic: that is, they normally enjoyed an enormous but ephemeral popularity, and then mostly lapsed into obscurity." In other words, they were junk. We are asked, however, to accept the "weather-vane veracity" of a Gil-

John Leonard is on the staff of The New York Times.

Arabic 'Digest' Edition

PARIS, Dec. 14 (IHT) — The Reader's Digest has relaunched an Arabic edition, giving the magazine monthly circulation of 30 million copies worldwide in 15 languages. The Arabic Digest, published in Cairo, folded in 1967 after the Six-Day War. The first issue of the new edition, published here, aims to please: The book selection is Muhammad Ali's "I Am the Greatest."

BRIDGE

By Alan Truscott

In rubber bridge, a player has to be sure of his ground to double a part-score that will give the enemy a game. The usual rule is to have a margin of safety and double only if a two-trick defeat seems assured.

On the diagrammed deal, West ignored that margin of safety. The auction may appear mysterious. East's response of two hearts to one no-trump was a transfer bid, showing length in spades. South was able to show hearts by doubling, and ventured four clubs on the next round in the face of East's three-spade bid.

West doubled this with some confidence, expecting to score two trump tricks and two or three tricks in the red suits. He led the diamond king, and was slightly discouraged to find that South had acquired a highly suitable dummy.

East dropped the diamond four, a delicate signal that suggested an even number of cards in the suit. West cashed the diamond ace, and when this won he felt sure of at least a one-trick defeat in view of his two "sure" trump tricks.

The spade queen was led at the third trick, and was won with the ace in the dummy. South discarded a heart as declarer, then played with considerable care. He led to the heart ace, and played the heart queen, discarding a spade from dummy when West refused to cover.

South had worked out the probable distribution. The bidding and play strongly suggested that West had begun with two spades, four hearts, three diamonds and four clubs. The next lead was a low trump. West put in the ten, not wishing to give South a chance to finesse the eight. Whether he would

have done so is not clear, for East might have held a singleton honor. The ace won in dummy, and a spade was ruffed. Now South ruffed to the heart king, returned to his hand by ruffing a diamond, and cashed a heart winner. The position was now this:

NORTH		EAST	
♠ J	♠ 10	♠ 10	♠ 10
♥ 10	♥ 10	♥ 10	♥ 10
♦ 10	♦ 10	♦ 10	♦ 10
♣ 10	♣ 10	♣ 10	♣ 10

When the heart seven was led, West found that his two "sure" trump tricks had been reduced to one. If he ruffed with an honor he would be end played and forced to lead into South's king-nine combination at the finish.

NORTH		EAST	
♠ A J 8 3	♠ 10 9 8 5 4	♠ 10 9 8 5 4	♠ 10 9 8 5 4
♥ 10	♥ 10	♥ 10	♥ 10
♦ 10	♦ 10	♦ 10	♦ 10
♣ 10	♣ 10	♣ 10	♣ 10

West (D) ♠ 10 9 8 5 4 ♥ 10 ♦ 10 ♣ 10

East ♠ 10 9 8 5 4 ♥ 10 ♦ 10 ♣ 10

West led the diamond king.

